

JPRS 83837

7 July 1983

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2418

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

7 July 1983

EAST EUROPE REPORT
ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2418

CONTENTS

BULGARIA

Industrial Production During January-April 1983, Comment (IKONOMICHESKI ZHIVOT, 25 May 83)	1
Number of Tourists Visiting Bulgaria Increases (ECONOMIC NEWS OF BULGARIA, No 4, 1983)	4
Six Million Tourists in 1982, by Sophia Kirkorova Arab Tourists, by Stefan Tonchev	

GERMAN DEMOCRATIC REPUBLIC

'Recent Measures' of Remuneration Incentives Assessed as Valid (Various sources, various dates)	6
West German Commentary SED Economist's Assessment, by Otto Reinhold	
'Buyers' Demands' To Determine 'Organization of Production' (Helmut Koziolk; EINHEIT, Mar-Apr 83)	15
Combines Seen as Foundation of 'Economic Strategy for 1980's' (Claus Kroemke; EINHEIT, Mar-Apr 83)	25

HUNGARY

Tasks of Agriculture, Food Industry Noted (Sandor Kovacs; ELELMESZESI IPAR, Apr 83)	33
--	----

POLAND

Party Committee Rates Conservation, Anti-Inflation Programs (Wanda Zagawa; TRYBUNA LUDU, 23-24 Apr 83)	40
---	----

Reform Commission Task Force Assails Economic Policy Changes (ZYCIE GOSPODARCZE, 22 May 83)	42
Statistics, Sejm Resolution on Balance of Payments Published (Various sources, various dates)	44
Foreign Accounts Statistical Breakdowns Balance of Payments for 1983	
Impact of Projected Tax Changes on Farmers Discussed (Various sources, various dates)	55
General Evaluation, by Michal Machlejd Opinions of Local Farmers, by Urszula Nosal Conferences on Projected Changes	
Impact of New Secrecy Laws on Freedom of Information in Science, Industry (PRZEGLAD TECHNICZNY, various dates)	66
Overclassification in Industry, by Daniela Baszkiewicz Overclassified Research Papers	
ROMANIA	
Decree on Research, Production of Mining Equipment (BULETINUL OFICIAL, 30 Apr 83)	69
Decree on Establishment of Sulina Shipyard (BULETINUL OFICIAL, 30 Apr 83)	75
YUGOSLAVIA	
Croatian Executive Council Chairman Discusses Current Questions (Jelena Lovric, Ante Markovic; DANAS, 17 May 83)	77
Bus Workers Strike Shows Transport Problems (Stjepan Rajkovic; BORBA, 20 Jun 83)	85
Briefs Gacko Begins Full Production	87

BULGARIA

INDUSTRIAL PRODUCTION DURING JANUARY-APRIL 1983, COMMENT

Sofia IKONOMICHESKI ZHIVOT in Bulgarian 25 May 83 p 3

[Report by Committee on Integrated Social Information System]

[Text] During the January-April period the plans for the production of a number of products of importance to the national economy were overfulfilled. The amount of production and the rate of growth for some of them, as compared with the corresponding period of last year are as follows:

Product/Unit of measure	Output produced	Rate of growth
Electric power, 000,000 kwh	15,231	106.2
Lignite briquets, 000 tons	505	102.0
Cold-rolled sheet steel, 000 tons	219	110.5
Steel tubes, 000 tons	93	103.0
Driving axles for "Liaz [vehicle made by Likino Bus Plant]-Madara," each	8,053	140.9
Electrotelphers, each	44,728	104.2
Motor trucks, each	8,712	122.1
Induction motors, 000 lot	415	105.1
Power tools, 000 lot	126	110.6
Electromers, 000 lot	176	112.8
Nitrogen fertilizers, 000 tons	274	105.1
Polyvinyl chloride, 000 tons	40	138.5
Detergents, 000 tons	20	105.2
Tire casings for cars, 000 lot	272	106.7
Cement, 000 tons	1,814	100.6
Large reinforced concrete panels, 000 cu m	487	111.2
Reinforced concrete structural elements, 000 cu m	311	111.9
Wood particle board and other woodboard, 000 sq m	7,735	101.7
Plywood, 000 cu m	19	100.9
Furniture, 000,000 leva	152	107.5

(continued)

Product/Unit of measure	Output produced	Rate of growth
Cotton fabrics, 000m	122,422	100.4
Silk fabrics, 000 m	12,384	107.3
Knit outerwear, 000 lot	17,803	100.6
Meat, 000 tons	154	105.9
Meat products, 000 tons	33	110.8
Butter, ton	8,092	121.3
Brynza [sheep's milk cheese], ton	35,264	116.3
Kashkaval [yellow cheese], ton	8,765	118.9
Edible vegetable oils, 000 tons	68	107.9
Sugar, 000 tons	136	113.3
Ready-to-eat and partially processed food, 000 tons	19	194.6
Canned vegetables, 000 tons	44	109.7
Beer, 000,000 liters	166	103.3
Processed cured tobacco, 000 tons	54	108.0
Tobacco products, 000 tons	32	105.2

During the 4 months of the year 3.0 percent more commodity output was produced than was targeted in the plan. The economic organizations within the systems of the ministries and other departments achieved the following results in fulfillment of the commodity-output production plan:

Systems of ministries and other departments	Plan fulfillment, in %
Total	103.0
including:	
Power Supply	101.2
Chemical Industry	100.6
Metallurgy and Mineral Resources	102.7
Machine Building and Electronics	102.6
Light Industry	101.0
National Agroindustrial Union	106.1
Forests and Forest Industry	103.2
Construction and Architecture	103.4
Transportation	99.7
Communications	110.2
Internal Trade and Public Services	102.7
Central Cooperative Union	105.7
Capital City People's Council	108.6

Comment

The favorable trends in the development of industry were maintained in the month of April as well. The monthly plan for the total volume of output was about 4 percent overfulfilled, while the plan for the January-April period was about 3 percent overfulfilled. Monetary receipts targeted for the month from the sale of commodity output were exceeded by 1.6 percent, while those targeted for the 4 months were exceeded by 0.3 percent. Both the monthly and the quarterly state planned targets for aggregate profit and the plans for net output and for the social productivity of labor were overfulfilled.

The greatest absolute increase of output during the 4 months, as compared with the same period last year, was in machine building, electronics and the electrical equipment industry (about 280 million leva), in the food, wine and tobacco industries (over 150 million leva), and in the chemical and rubber industries (nearly 80 million leva).

At the same time, analysis of the results also reveals considerable unutilized potential reserves. Production capacities in some sectors and a number of plants were not fully utilized. As a result, the state planned targets for the following important products were not fulfilled: rolled metal, metallurgical coke, standard-unit machines, machine tools, combines, railroad cars, motor-driven water pumps, phosphorus fertilizers, polypropylene, polyvinyl chloride, roof- and ridge-tiles, cellulose, faience tiles, woolen fabrics, shoes etc.

The reasons for the incomplete utilization of some capacities continue to involve nonperformance of contractual obligations in subcontracting and in material and technical supply, breakdowns and above-plan repairs of machinery and equipment, changes in the structure of output and product-mix etc.

During the month of April material input per 100 leva of output were 0.23 lev higher than during the first quarter. The cutback of these inputs is insufficient.

6474

CSO: 2200/98

NUMBER OF TOURISTS VISITING BULGARIA INCREASES

Six Million Tourists in 1982

Sofia ECONOMIC NEWS OF BULGARIA in English No 4, 1983 p 8

[Article by Sophia Kirkorova]

[Text]

During 1982 more than six million foreign tourists travelled to Bulgaria; some of them spent their holidays at the seaside, mountain and hydropathic resorts, or getting familiar with some of the 7000-odd tourist sights described in BALKANTOURIST prospectuses.

In 1982 the Borovets tourist complex was upgraded to the category of Europe's best mountain resorts. A new hotel — Breza — and a dainty villa area with Finnish-type wooden houses have expanded the capacity of Borovets. Tourists from various countries used the services of the new ski-school which lends 'Atomic' brand skis made under licence from the well-known firm.

Travel agencies abroad showed keen interest in Pamporovo during 1982. The holiday-makers included groups of British, West-German, Danish, Belgian and Dutch tour operators, as well as guests from the USSR, the GDR, Czechoslovakia, Yugoslavia, Greece, etc.

During the active winter season, the first charter flights arrived at the new Kroumovo airport near Plovdiv, only 75 km from Pamporovo. The new hotel complex,

Perelik, and the recreation village Malina have received their first guests.

Ski-lovers will enjoy the new course from Mt. Snezhanka to Ardashla, 3,200 m, which takes the pressure off some of the main courses. A new stationary draglift, built by the French firm Pomagalski, takes 800 people to the top in one hour.

All the signs point to a successful holiday season in 1983 at the Zlatni Pyassatsi seaside complex. The new village Drouzha comprises 50 bungalows, 25 summer cottages at Zlatni Pyassatsi campsite, plus 25 summer cottages and 35 bungalows in Rai campsite.

Pending completion is also the big balneological complex at the Ambassador Hotel; a new plastic-surface tennis court is to be opened near the Hotel Metropol.

Albena resort will mark its 15th anniversary with the ambition to turn into a year-round holidaying centre. This year again it will entertain guests from the USSR, Czechoslovakia, West Germany, Britain, Switzerland, Finland, Austria, France and other countries. Beginning from June 1, a new big hotel will start functioning

— one built in collaboration with the Polish Budimex Co. During the active season holiday-makers will be accommodated in the new two-tier hotel; with a capacity for 600, and in 1984 the entire complex with the hydro ward, the polyclinic and the indoor and open-air pools will be completed.

Some 676,000 holiday-makers came to Slunchev Bryag resort in 1982, some 10,000 more than in 1981.

With a successful holiday season in 1983 in view, overhauls and modernisation will be carried out in the hotels Vitosha, Rila, Nessebur, Messembria, the restaurants Messembria and Casino, certain commercial outlets, etc.

Two new boats on the Danube, now under construction on orders from the State Committee for Tourism in the Netherlands, will feature luxury interiors, each with 236 berths in 77 two-berth and 26 three-berth cabins and 2 suites. The boats have a length of 113.5 m, a width of 16 m, a draft of 1.65 m and a speed of 25 km/h, with four decks: one open — the sundeck — with a swimming pool, a covered deck with verandah, a restaurant seating 120, a dancing bar for 90, a day-and-night bar for

30, a hall with entertaining games, a hairdresser's and barber's shop, a post office, souvenir shops and sauna. The boats are air-conditioned, service is provided by a crew of 79, plus medical personnel and experts in curative and fitness procedures and rehabilitation.

Foreign tourists will make weekly trips on the Danube between Passau in the Federal Republic and Rousse in Bulgaria, where several varieties of tours are available: seaside stays, trips to the mountains and around the country, putting up at the Interhotels chain.

For Bulgarian citizens, fortnightly excursions are offered from Rousse to Vienna with stopovers in Belgrade, Budapest, Bratislava and the Austrian capital.

The boats will be launched in September 1983.

Arab Tourists

Sofia ECONOMIC NEWS OF BULGARIA in English No 4, 1983 p 8

[Article by Stefan Tonchev]

[Text]

Bulgaria's peaceful foreign policy, equitable and mutually beneficial political, economic and cultural links with most of the Middle East countries are some of the basic factors which arouse interest in our country as a tourist attraction.

Convenient transport overland via Turkey and by air (Balkan airlines regularly fly to Beirut, Amman, Damascus, Baghdad, Cairo, Kuwait and Abu Dhabi) are of vital importance to handling the ever swelling stream of tourists from and to the Middle East.

A destination of preference during leisure travels are the Black Sea resorts of this country. The moderate climate, the modern hotel accommodation as well as the closeness of the Bulgarian cuisine to the tastes of Arab tourists determine the choice of the resorts of Albena, Zlatni Pyassatsi and Drouzhba as preferred spots for holidays and recreation.

During the summer season Balkan Airlines jointly with the Translitex Tours, Hamrastreet,

Sabbag Centre in Beirut, organise charter flights from Beirut and Cairo to Varna. Among the thousands of tourists from Lebanon and Egypt travelling on chartered flights, there are not a few of those who have been coming 5 or 6 years in succession to Bulgaria.

Every year tourists from Kuwait, the United Arab Emirates and other neighbouring Arab countries travel by the seasonal Varna-Kuwait-Varna and Sofia-Abu Dhabi lines to Varna and Bourgas, where in the cool and calm atmosphere of fine hotels they escape the hot dry summer climate of their countries. Small wonder that the tourists coming from these countries make the longest stays of 3, 4 and 5 weeks, among all other tourists to our seaside resorts.

A substantial number of holiday-makers from Syria, Iraq and Jordan, too, visit the Black Sea coast. It is typical of them that they prefer to be accommodated at private lodgings which Balkan-tourist rents for the season.

Along with the already traditional travel towards the coastal complexes, there is an ever growing number of tourists who come on "familiarisation tours" which include visits to Plovdiv, Veliko Tormovo, Sofia and other parts of the country.

Arab people seeking relief in mineral springs have been coming in increasing numbers. Hissarya, Bankya, Pomorie and Drouzhba are becoming very popular in the Arab world as balneological resorts.

The Institute for Medical Treatment of Foreign Citizens in Sofia is well known in the Middle East, with thousands of citizens from that region pouring praise on the highly competent assistance they have received here.

Not a few of the tourists - mainly from Lebanon and Egypt - spend the New Year's season in the luxury hotels of Vitosha and Evropa in Sofia. There are also the skiing fans who prefer Pamporovo and Borovets before other ski centres in Europe.

'RECENT MEASURES' OF REMUNERATION INCENTIVES ASSESSED AS VALID

West German Commentary

Bonn IWE-TAGESDIENST in German No 42, 18 Mar 83 pp 1-2

[Report from Berlin: "SED Rejects Criticism of 'Socialist Performance Principle.'" A translation of the East Berlin EINHEIT article cited below follows this commentary]

[Text] Prof Otto Reinhold, the rector of the Academy of Social Sciences, SED Central Committee, has strongly denounced the reproach raised even by leftist circles in the West that the performance principle contradicted the ideals of socialism and created social inequality and performance pressure. In the theoretical party journal EINHEIT (No 3/4, 1983), he censured the leftist critics for "proceeding from unrealistic, illusory ideas at least about a socialist society." At the current stage of socialist development, the SED ideologue argued, work had "by no means yet become the principal vital need and, thus, the crucial impulse for high achievements for society." As long as that was so, "material interestedness, i. e. distribution in accordance with work done, was bound to be and remain the decisive distribution principle, and thus the crucial impulse." Furthermore, Reinhold continued, "the productive forces have not yet reached the level of development where distribution could proceed according to needs." What mattered therefore was not only "to ensure a fair distribution of the available material goods and services, but to find a form of distribution that acts as a maximal impulse for the development of productive force." In that regard then also the performance principle, distribution in accordance with work performed, was an indispensable necessity. Any restraints on its consistent implementation would necessarily "lead to quantitative and qualitative losses in growth."

In view of the current economic problems and pressures in the GDR, Prof Reinhold called for "using the performance principle more effectively to aim the material incentives of the collectives and individuals at high efficiency, productive labor and a careful handling of funds." Completely opposite to that would be "for individuals to seek as high a income as possible, not through their personal performance but at the cost of others, or seek to dodge a personal responsibility and shove it off onto the collective." The SED ideologue further demanded that in the future, in the performance ratings for enterprises as well as individual working people, "parameters relating to qualitative growth should be highlighted."

SED Economist's Assessment

East Berlin EINHEIT in German Vol 38 No 3/4, Mar-Apr 83 (signed to press 18 Feb 83) pp 301-307

[Article by Prof Dr Otto Reinhold, economist, member, SED Central Committee; rector, Academy of Social Sciences, SED CC; member, GDR Academy of Sciences; corresponding member, USSR Academy of Sciences; member, EINHEIT editorial board: "The Stimulating Effect of the Performance Principle"]

[Text] The author takes as his point of departure the Marxist realization that the distribution relations conform to specific social forms of the production process and that the distribution principles can never be more highly developed than the prevailing mode of production, in analyzing the connection between the economic transition to intensively expanded reproduction and the effect of the performance principle, disclosing its effect on the qualitative growth factors and everyone's responsibility for it, and demonstrating that the distribution principles are basic principles in economic and social development.

Among the most important Marxist insights about socialist society is that in it the principle that governs is "from each according to his ability, to each according to his performance." Once with the transition to the higher, the communist, phase of society, it will be replaced by the principle "from each according to his ability, to each according to his needs." Those are statements of the most far-reaching consequence because this pertains not only to the distribution principles in the two phases of communist society but to the basic principles of economic and social development altogether. The sort and mode of distribution is a crucial impulse for social activity in general and for high economic achievements in particular. It is indissoluble from production and the development of the productive forces and production relations. The lifestyle and ideology are significantly affected by the mode of distribution of the social product among the members of society.

This many-sided connection between the distribution principles and the given mode of production as well as the character of the social order altogether was the most important reason why Marx and Engels at their time opposed all attempts at designing any sort of "fair" distribution system for the socialist society of the future in terms of subjective desires and ideas. The fairness of a distribution principle--so they proved--can never be rated apart from the given mode of production, a distribution principle can never be more highly developed than the given mode of production of which it is a part.

The Unity of the Modes of Production and Distribution

In "Capital" and in many other works, Marx thoroughly examined the social reproduction process--its capitalist forms and those basic elements that also apply to socialism. Each social reproduction process exists through the unity of production, distribution, circulation and consumption. Distribution is an element that cannot be detached from the other components. "The so-called distribution relations conform to, and stem from, historically determined,

specific social forms of the reproduction process and of the relations into which men enter with one another in the reproduction process of their human lives. The historic character of these distribution relations is the historic character of the production relations, of which they express only one side. Capitalist distribution differs from the distribution forms stemming from other modes of production, and each distribution form disappears with the specific form of production from which it stems and with which it conforms."^{*}

Taking account of these inevitable connections, there can be no other distribution principle for socialist society but that according to work performed. "From each according to his abilities, to each according to his performance" therefore is the highest measure of social justice attainable in this phase of communist society.

Bourgeois ideologues have long reiterated the thesis that the performance principle contradicted the ideals of socialism because unequal performances would give the various working people unequal shares in the national income. It also produced an atmosphere of performance pressure. It is indeed a peculiar situation for politicians and ideologues who day after day defend the polarization of property relations and of wealth which is characteristic of capitalism to accuse socialism of not having yet created social equality. Ultra-leftist critics likewise indict the performance principle of real socialism as a violation of social equality while proceeding from unrealistic, illusory ideas at least about a socialist society.

Initially the socialist revolution, by turning the means of production over into public property, brought about social equality in fundamental respects. First, there is an identical relation to the means of production; labor is no longer a commodity that has to be sold to the proprietors of the means of production to survive. The producers themselves become the proprietors of the means of production. Second, an identical relation to labor has been created. Each can get a share in the produced national income in accordance with the quantity and quality of the work he does. Third, in the outcome of socialist construction, the essential conditions have been created for equal social security, especially through the genuinely assured right to work. Fourth, all have identical rights to participate in the management and planning of the economy and the society. Fifth, all find the same opportunities for the development of their abilities and talents guaranteed by society.

Thereby socialism in reality has been making gigantic strides toward a society marked by social equality and justice which precisely on that basis then increasingly shapes its humanistic character. The distribution in accordance with work performed, equal relations to work, the fact that work, in principle, has become the only source of wealth and well-being, all other sources having been eliminated by the socialist revolution, is a decisive element in the humanistic character of our society.

^{*}"Capital" Vol III, Marx/Engels, "Werke" (Works), Dietz publishing house, Berlin, 1964, p 890.

While defining the distribution principle Marx and Engels however never lost sight of the specific character of socialism in contradistinction to communism. For one thing, the working people's labor is no longer a commodity now that has to be sold to the proprietors of the means of production, yet work has by no means yet become the principal vital need and, thus, the crucial impulse for high achievements for society. Though the construction of socialism, in particular the shaping of the developed socialist society, causes a profound change in the attitude toward labor on behalf of society and produces various forms in the working people's social activities, a long way is still needed for labor to become the principal vital need. As long as that task has not yet been solved, material interestedness, i.e. distribution in accordance with work done is bound to be and remain the decisive distribution principle, and thus the crucial impulse. Under such conditions there can be no fairer form of distribution.

Then also, the productive forces have not yet reached the level of development where distribution could proceed according to needs. What matters therefore is not only to ensure a fair distribution of the available material goods and services, but to find a form of distribution that acts as a maximal impulse for the development of productive force. In that regard also the performance principle, distribution in accordance with work performed, is indispensable. Any restraints on its consistent implementation would necessarily lead to quantitative and qualitative losses in growth.

The conservative bourgeois economist Friedrich August von Hayek recently asserted: "There is no better destructive method of the market economy (Author: i.e. the capitalist economy) than the concept of social justice."* Indeed, the capitalist mode of production and social justice for the working people are mutually exclusive. The host of millions of unemployed in the capitalist world reconfirms Marx' description of the worker's place in capitalist society: To procure his subsistence, he must sell his labor to the proprietors of the means of production. They are willing to buy only if high enough a profit can be produced and realized by it. If that is not the case, then there is no way to sell the labor. Though legally every worker or employee can freely dispose of his labor, in practice he is completely and fully at the mercy of capital and its profit interests.

As it turns out, neither the social-reformist ideas about co-ownership nor the social changes in recent decades can change anything in the core of the matter, the total subjection of the subsistence conditions of the workers class to capital. Whether labor is wanted and can actually be sold primarily depends on the use capital has for it, i.e. on the size of the profit capital can appropriate in the outcome of its exploitation. And the share in the national income any worker can get certainly does not depend on the value his labor has created but, principally, on the level of the exploitation rate, on the ratio between the profit capital has appropriated without paying for it and the wages--ultimately based on the value of labor as a commodity. Even wage hikes achieved through the toughest class struggle do not change the fact that the working people's share in the national income drops, relative to the profit.

*DIE WELT, 4 February 1983, p 3.

Distribution according to work in socialism not only is an objective, indispensable necessity, it also is a great accomplishment of socialist society. It is a decisive factor for the social progress of the new society. It is the maximum in social justice the socialist phase in social development can achieve because it practically means that the share each worker gets in the distribution of the national income first and foremost depends on his own work. And here we always keep in mind that the right to work has been genuinely ensured, that considerable means from public funds do satisfy important basic needs, and that participation in the management and planning of the economy and the society and the development of talents and abilities are guaranteed.

Marx already in his "Critique of the Gotha Program" pointed out that under these conditions of social development no social equality can as yet be attained. Distribution according to work performed implies unequal shares in the national income. The expectation of equal shares and the performance principle can, in principle, not be made to conform. Marx already pointed out that there were differences in physical and mental capabilities and in performance dedication. The performance principle, on behalf of society and each of its members, is aimed at stimulating the capability and dedication of each and counteracting any leveling trend. Distribution according to work performance best and most effectively expresses the identity of the basic interests of society, the collectives and all individual working people so that everyone perceives it. Its rigorous implementation and constant improvement aims at ensuring, or constantly re-establishing, this identity under the increasingly dynamic conditions of economic and social development.

The SED's economic and social policy has always been aimed at rigorously enforcing the principle of distribution according to performance and at finding ways and means for making it fully effective under altered conditions. The party has admitted no views that would want to attenuate socialist in favor of communist distribution principles while developed socialism is still being shaped. Making the performance principle prevail in practice is, of course, no easy or uncomplicated task, considering that there, more than in almost any other economic policy decisions, the working people's working and living conditions are directly or indirectly affected. All the more necessary therefore is all working people's active participation in enforcing the performance principle. It is one of the decisive conditions for success in economic policy altogether.

Performance and Performance Principle

An effective handling of distribution according to performance is greatly affected today by a number of factors which in many respects call for new conclusions and measures.

First of all we must undoubtedly refer to those requirements that result from converting the economy into our intensively expanded reproduction, the ones that are implied in the economic strategy for the 1980's which the 10th SED Congress decided on, since it is, after all, a difference of principle whether a performance rating is to promote primarily the quantitative growth or a more efficient use of the qualitative growth factors.

That more dynamic economic and social development would require new conclusions with respect to the socialist distribution principle is something Marx and Engels already predicted. "There was," Friedrich Engels writes in 1980, "a discussion in VOLKS-TRIBUNE about the distribution of products in the future society, whether it would go according to the volume of work or differently. They have tackled the matter also very 'materialistically' in opposing certain idealistic verbage about justice. Strangely enough, no one got the idea that the mode of distribution might essentially depend on how much there is to distribute, and that this is likely to change as production and social organization advance, so that then the mode of distribution is likely to change as well. But all who were involved seem to have taken 'socialist society' not as subject to constant change and progress but as a stable and definite thing for once and for all, so that it then also is supposed to have a definitive distribution mode for once and all. Yet it would be only reasonable, for one thing, to discover the mode of distribution with which to start and, secondly, to attempt to find the general thrust the further development will take."*

Today's further development of distribution according to work performance, especially the wage and bonus structure, undoubtedly must be aimed at maximally promoting the scientific-technical progress and its effective economic utilization, the increasing mobilization of the qualitative growth factors and the improving of qualities.

Evidently there are a number of specific problems to be settled, some important ideological issues among them. Here we wish to comment particularly on one matter. The SED's economic and social policy is aimed at securing, and step by step further improving, the working people's standard of living attained even under the altered conditions of the 1980's. Great efforts in that direction were undertaken under SED leadership in the first 2 years of the current five-year plan. Thanks to the tremendous efforts of millions of working people, this policy was successfully implemented in practice. There was of course nothing automatic in preserving and step by step extending the standard of living once obtained. That depends on greater economic efficiency and must be dealt with again year after year. That essentially also applies to the standard of living of each and every working person. Precisely in order to hold on to this course and produce the performance improvement needed for it, it is essential to make a more effective use of the performance principle so as to aim the material interest of the collective and each individual at high efficiency, productive work and the careful handling of funds. That implies the realization--and actions in accordance with that realization--that a distribution according to performance can be fully effective only if, for the combine, the enterprise, the work collective as well as for every working person, fine as well as poor work has its material consequences, that the concrete contribution from each collective and each individual to economic development is rated and rewarded in terms of the performance, and that no claims can be made on society without reference to personal achievement.

*"Engels to Conrad Schmidt," Marx/Engels, "Werke," Vol 37, Dietz publishing house, Berlin, 1967, p 436.

The humanistic character of humanism implies that everybody is guaranteed the right to work and to developing his abilities and knowledge. That in turn implies that the management and planning of the social reproduction process create the conditions through which everybody can in fact fully invest his capacities and abilities. But whether he in fact invests them, and the intensity and success with which he does so, greatly depends on the attitude of each working individual. That attitude, most certainly, is affected by many factors. Yet no one else, and no collective, can take the personal responsibility for it away from anyone. The socialist collective constitutes a great social capacity. But that capacity is principally determined by the attitudes and activities of each member and by the manner in which each assumes his responsibility. While the socialist collective creates the most favorable conditions for it, it never substitutes for personality, the personal attitude and the personal responsibility.

The successful development of our economy and the properly timed coping with new complicated tasks indicate that the vast majority of the GDR working people is engaged in energetic activity, initiative and personal responsibility. Especially in view of that, it would amount to a gross contradiction to the humanism of the socialist society and to the performance principle for individuals to seek as high an income as possible not through their personal performance but at the cost of others, or seek to dodge a personal responsibility and shove it off onto the collective.

The all-inclusive transition to an intensively expanded reproduction on the scale of the entire economy makes new and higher demands on personal responsibility and attitude, inseparably linked also with the distribution according to performance. This becomes perfectly clear if we keep the following points in mind. First, the scientific-technical progress and its effective economic utilization have become the main source of economic growth. Yet the scientific-technical progress is, to begin with, the outcome of intellectual-creative activity. The personal attitude is a key issue in this. Second, there is a growing dynamics in economic development and in the speed in which the production structure, procedures and technologies are renovated. The flexibility needed for that calls for a high sense of responsibility, decision readiness and personal dedication. Third, it is becoming increasingly apparent that this further accelerating dynamics of economic development becomes possible, not through one large-scale investment or another, but only through a permanent rationalization process, the steady modernization of the existing production plants. The success of this rationalization process at new dimensions primarily depends, however, on the creative activities and the attitudes and dedication of all working people involved in it.

The conversion to intensively expanded reproduction requires therefore that in the performance rating--be it for the combines or the individual working persons--parameters relating to qualitative growth be highlighted and that, above all, its handling helps develop in a novel fashion the sense of responsibility, the creative atmosphere, and the readiness for decision-making and performance. To express and evaluate most cogently the economic units' contributions to the national income, Comrade Erich Honecker emphasized at the secretariat's conference with the first kreis secretaries, net production and profit are parameters that will be more highlighted in the future, with the state plan and

economic interests remaining, naturally, the foundation for judgments.* There are in particular three matters to be highlighted more than before in the light of these requirements:

First: The conformity among social, collective and personal interests largely depends on a uniform thrust in the performance principle. That holds true for the performance ratings for the combines as well as for the material incentives for fine work achievements and initiatives in the socialist competition. Greater economic efficiency being the crucial precondition for any further economic growth, it has to become the focal point also in all areas and sectors of economic inducement. Practical experience has brought out that efficiency, i.e. the qualitative growth factors, will become all the more prominent in wage and bonus policy, the more central attention is consistently given to them in the rating of combine performance.

Important advances in that direction have been made by applying such parameters as industrial commodity output, net production, and material and energy consumption per M 100 of industrial output. Yet that still leaves out of account some essential elements that determine efficiency, such as the use of the basic assets. The various efficiency factors are perfectly likely to develop in different, even opposite, directions. Only if economic efficiency is made more consistently still the centerpiece of all management and planning activity, can one expect a greater economic pressure on scientific-technical progress and its efficient use and requisite conclusions to be drawn for the wage and bonus policy.

Second: In the practical application of the performance principle quantitative growth processes still receive the major attention. Reducing production consumption, the efficient use of production plants, the rationalization effects, the rapid application of novel procedures and technologies, and a higher grade of industrial safety still do not carry the weight they deserve under the conditions of intensively expanded reproduction. It is evidently necessary to take care still more consistently of a well balanced economic stimulation of quantitative and qualitative processes.

Some measures in the wage and salary policy and in the use of bonuses were introduced recently with that in mind. Yet the intrinsic effect with which they are put into practice depends essentially on the management activity. Even on this basis there are many opportunities for orienting the performance principle more definitely to the qualitative growth factors in the way in which wages, and bonuses still more, are handled in the combines and enterprises.

Positive experiences are found in places where, mainly, more extra bonuses or the bonuses as such are tied to clearly defined quality criteria, such as reductions in the fault or reject rate, the number of pieces produced in given grades and the lowering of waste and make-up work. At the Riesa tube combine

*Cf. "Central Committee Secretariat Conference with the Kreis First Secretaries--Speech by Comrade Erich Honecker," NEUES DEUTSCHLAND, 19/20 February 1983, p 2.

they are tying 10 percent of the annual bonus to important material economy parameters in all sectors, as to reduction in metal losses, more regeneration, abiding by consumption norms for energy and material and so forth. Many experiences have meanwhile been gained in the application of performance-related salary bonuses.

That shows handles and ways for making the performance principle consistently conform with the requirements for our intensively expanded reproduction. And that calls primarily for prudent and purposeful management activity aimed at a complex handling of the production and distribution processes and having the working people take an active part in it.

Third: It becomes ever more evident that material incentives can have their intended effect only in combination with all other working and living conditions. Thus the production increases in high-grade consumer commodities the party asks for and encourages is an important factor for making the performance principle effective. Particularly in R&D one finds, moreover, that along with material recognition for high achievements many other factors, such as the gratification about success, play an extraordinary role as impulses.

An intellectual-creative atmosphere, lofty and clearly defined goals, the gratification about success, the recognition of and tribute to high achievements, the democratic participation in determining the tasks and in management and planning and many other factors carry far. They all go together with being ideologically astute about the significance and broad consequences of one's own work. Such motives as appreciation and recognition for achievement and the gratification with success not insignificantly depend, however, on whether through proper management and planning the premises are set for actually producing top achievements and economically using them at a rapid rate. When one settles for mediocre work, one not only deprives oneself of economic efficiency, one also cuts down the motivation for high achievements.

Like the CPSU and other Marxist-Leninist parties, the SED in its policy proceeds from that the shaping and further perfecting of the developed socialist society is a lengthy historic process. That also is the reason why the principle, "from each according to his abilities, to each according to his performance," will still for a long time control economic and social development; a significant task is applying it creatively to the conditions of our intensively expanded economic reproduction.

5885

CSO: 2300/250

GERMAN DEMOCRATIC REPUBLIC

'BUYERS' DEMANDS' TO DETERMINE 'ORGANIZATION OF PRODUCTION'

East Berlin EINHEIT in German Vol 38 No 3/4, Mar-Apr 83 (signed to press 18 Feb 83) pp 308-315

[Article by Prof Dr Helmut Koziolok, economist, member, SED Central Committee; director, Central Institute for Socialist Economic Management, SED CC; chairman, Council for Economic Research; member, GDR Academy of Sciences; member, EINHEIT editorial board: "Intensification and Economic Cycle." A translation of the article by Guenter Mittag, SED economics chief, cited in footnotes 2, 4 and 21, is published under the heading, "Mittag, Schuerer Call for Creativity Within Planned Economy," in JPRS 82211, 10 Nov 82, No 2336 of this series, pp 5-25]

[Text] With his economic cycles theory, Marx set the scientific basis for intensification. Proceeding from that, and by supplying many concrete data, conclusions are drawn for the rigorous intensification of our economy. Among the questions raised and answered are the following: What makes intensification necessary? What are its criteria and characteristics? How can all the intrinsic sources of the economic cycle be made maximally effective down to the speed-up of circulation?

Consistent intensively expanded reproduction in each enterprise, each combine and the entire economy is what it takes to keep on shaping the socialist society in our country, economically speaking, and create the material-technical base required for it. That is the principle from which the SED's economic strategy for the 1980's proceeds which, after all, is crucially controlled by the intensively expanded reproduction type and thus is aimed at developing production quantitatively and qualitatively, improving its efficiency, extensively improving the quality of labor and, while coping with all these matters, gaining greater speed.¹

So there are many different factors contributing to intensively expanded reproduction: Cutback in working hours and product quality improvements; saving material and energy and a better utilization of basic assets; prime cost reduction and reduction of inventories and, finally, high benefits from the sale of the products, particularly on foreign markets. And this is by no means a matter of either-or such as, say, save live labor or reduce material investment or make existing basic assets and investments more effective. Only if we succeed

in using the various factors in their entirety, can we expect optimum results and a maximum total effect on national income growth. So it is important not to aggravate the intensification effect derived from the cutback in working time or the economizing in material by excessive basic assets allocations, but reduce fund allocations by making better use of what we have, by a targeted modernization, up-dating and conversion of technological processes.² This close intertwining of the various components in the intensively expanded reproduction cycle also continues through international division of labor. The socialist economic integration gives rise to efficiency potentials that cannot be tapped through the national reproduction process.

Increasing Efficiency--Main Source of Economic Growth

With his economic cycles theory, Marx set the scientific basis for intensification. In it, he made universally valid statements about the effectiveness of the social labor invested in the various reproduction phases and their inter-connection which still are of great importance today to socialist economic management activity. The fifth Central Committee session, e.g., reiterated that accelerating the whole reproduction process deserves to be given central attention,³ and the party work keeps emphatically orienting us to ensuring the necessary growth out of the intrinsic sources of the intensively expanded reproduction cycle by making more efficient use of what we have.⁴

The intensive reproduction type essentially is marked by that production grows faster than the claim on resources, by steadily increasing output while the use of resources drops in absolute figures. Under prevailing conditions, intensification is possible only, more so than ever, through a consistent utilization of the qualitative factors, which means

- not by increasing the work force but by using society's total mental potential. Karl Marx called the accumulation of knowledge in men's brains the highest form of wealth, the only inexhaustible growth source;
- not by primarily an extensive expansion of the basic assets but by their modernization, redesign, all-inclusive rationalization and complete utilization, and by improving their scientific-technical level; and
- not by using more raw materials, material and energy but by their enhanced refinement.

Altogether the intensification course is aimed at turning increasing efficiency into the chief economic growth source. Economic growth and increasing efficiency by way of intensification are imperative to develop the social productive forces, create, in particular, the material-technical base for the shaping of developed socialism, thereby strengthen economic efficiency for the good of men, raise the world economic weight of real socialism, and constantly ensure its defense capability in material respects. On those foundations alone can socialist society fully unfold its essence, with man standing in the center. So economic growth increasingly serves the ever better satisfaction of the material and intellectual needs of all members of socialist society and the preservation of such social accomplishments as a safe job, full employment, free health care, and equal opportunities for free education on all levels.

Penetrating socioeconomic changes are taking place by way of intensification in the nature and substance of work or, as Lenin called it, in their social structure. The old division of labor is canceled, the proportion of heavy physical work, hazardous to health, is diminished, the work itself is made more challenging, and progressive technologies and procedures are being used. In other words: The creative potential inherent in live labor can be used more effectively. To Marx we owe the realization that the real wealth of society and the opportunity for constantly expanding the social reproduction process do not depend on the duration of extra work "but on its productivity and the more or less substantial production conditions wherein it develops."⁵ This brings out clearly the connection between intensification and surplus product.

Through the unity of economic and social policy, as decided on at the Eighth SED Congress and resolutely implemented since, these connections between economic and social progress is something all working people can perceive directly. They prove a strong impulse for economic growth and the working people's initiative and dedication.

Intensification principally derives from the inherent needs for the development of our socialist society. While, for explaining it, one often refers to the resources scarcity in our country and the foreign policy and foreign economy conditions aggravating it, while undoubtedly important, that is not the main reason. It is not "poverty" that compels us to intensify. It rather is a matter of making better use of our country's wealth. The great intellectual potential rates first and foremost in this. Some 80 percent of the working people is made up today of skilled technicians and technical school and college graduates able and willing to use and further advance their knowledge. Our economy's basic assets grew considerably in recent years and now are at a magnitude of around M 750 billion. The annual consumption of material and energy exceeds M 300 billion.

Exhausting these rich funds more intensively and making more of them--therein lies the main reason for the needed deepening of the intensification process. Simultaneously, the international class conflict compels it, especially the economic warfare the most aggressive imperialist circles have started against the socialist countries. So we must make great efforts toward making better use of the qualitative factors in economic growth. Undoubtedly, therein also lies the superiority of socialist society, in being able to do so for the good of the entire people. Sure enough, those processes on which intensification is based, like the tremendous development of the productive forces all over the world, the reduction of the replacement cycles, and the higher dissemination speed, go on also to a considerable extent in capitalist industrial countries, but there they are the basis for the use capital makes of them and serve to maximize its profits, whereas in socialism intensification serves all people--directly or indirectly. That was pointed out by Marx already in his "Critique of the Gotha Program."

Tasks in New Dimensions

New intensively expanded reproduction criteria have evolved in the socialist countries, and the following tasks are derived from them:

--The tempo in increasing the labor productivity must be reconciled more with the developmental speed of the scientific-technical potential for the sake of a greater contribution to national income growth.

--Labor productivity must grow faster than basic assets allocations.

--Production consumption must be reduced further for the sake of national income development, which means that an increasingly larger portion of the increased net product must come out of the reduced production consumption.

--Through a complete utilization of the available qualification potential, enhanced refining must make still more of a difference to the national income growth.

Using the total available national wealth as effectively as possible and thereby gaining the maximum growth in national income is something we shall achieve if our decisions are controlled by the essential intensification features in all sectors of our economic life, i.e.

--the acceleration of scientific-technical progress;

--enhanced refining of raw materials, material and energy;

--more investments allocated for improving the effectiveness of the available basic assets;

--the full use of live labor;

--the reduction of prime costs;

--effective foreign economy activity; and

--an effective development and utilization of the working people's creative capabilities.

That requires further perfecting socialist planned economy in its unity of management, planning, balancing, economic cost accounting and economic stimulation. A guideline for proceeding is given to us in many respects by the Marxist realization theory, as Lenin called the reproduction and circulation theory, which is of great practical importance to the planned and proportionate development of the economy in its unity of use and intrinsic value production. In conformity with Marx, Lenin has shown that in the process of material production and reproduction there also arises the value of the social product, and that through the reproduction cycle the conditions must be set to realize the product at high effects. From the requirements for expanded socialist reproduction he derived the demand "for every state enterprise to operate without losses and work profitably,"⁶ which he combined with the need for planned economic cost accounting. Altogether Lenin always looked at planning, economic cost accounting, management activity and initiative as belonging together. In particular he regarded as an important task of the socialist state toward improving the quality of management and planning to gain a better control of the value-related processes through economic cost accounting. This, he thought, was an important step toward learning effective economic management.⁷

Efficiency Gain Through Scientific-Technical Progress

What Marx and Engels taught us about the various phases of the cycle also is of great importance for dealing with the intensively expanded reproduction in our country. It conforms completely to what they thought when our Party Program

states: "Scientific-technical progress is the chief intensification factor and crucially affects the solution of all other tasks."⁸

Karl Marx realized that there must be a certain developmental level of the productive forces for making a direct use of science as a productive force but that, on the other hand, science application is compelling, invention is "in business" once "large-scale industry has reached a higher level and the machinery available itself already grants large resources."⁹ The effect of that is definitely much greater today than at the time when Marx discovered this inevitable connection between science and production. A rapid scientific utilization of the data of scientific-technical work increasingly becomes the source for increasing efficiency and economic growth. An objective measure for that lies in the international scientific-technical and economic level. Noticeable advances in management activity and economic growth are made when management activity decides and acts in accordance with the time economy requirements. Marx' prediction that the time economy would increasingly become a law under socialist conditions is also internationally being confirmed.

The time factor has become a fundamental economic potential worldwide. All the more important it is therefore in our management activity to take to heart that for the measures taken in the enterprises and combines the point in time and the time frame are becoming ever more important for economically efficient operations. "Here the criteria change a great deal," Comrade Erich Honecker recently said, "in the matter of gaining time it does not amount just to a few percentages but to multiples."¹⁰ The economic effect of such time gain is what Marx had in mind when he wrote that "a manufacturer who uses a new invention before it has become general knowledge sells more cheaply than his competitors and still sells above the individual value of his commodity."¹¹ He realizes a surplus profit "when new, improved, above-average means and methods of production are used."¹²

Scientific-technical and economic data that codetermine top international standards call for acceleration at large dimensions. The economic effect of science and technology is of course seen not only in their immediate results. Only then will they become fully exposed when the production and sale of new products that set new standards have actually taken place and led to the intended boost to labor productivity, the reduction of energy and material consumption and of costs, and the planned national income growth. The science and technology requirements as well as the labor organization to reach those goals rapidly, and the changes in the combines' production profiles, are all elements of the entire intensively expanded reproduction cycle.

In our days, under the conditions of the scientific-technical revolution, two developmental trends show up internationally that critically affect the turnover rate of the scientific-technical funds and the intensification of the entire reproduction cycle. On the one hand, the time span between a new scientific-technical invention or discovery and its first industrial application is greatly reduced and, on the other hand, the tempo is greatly increased in which the economic utilization of the innovation proceeds and spreads. Microelectronics and robot technology are vivid examples for short-range development, rapid generation replacement, almost universal application, mass production, rapid market expansion and tough competition on the international markets.

The intensification of the entire cycle, especially under that aspect, requires intensifying scientific-technical work itself to achieve high-grade work results from science and technology short range and carry out faster and with great efficiency all decisive steps toward production application. The production of new products has to be organized at the same rate so that they will satisfy needs in proper scope and quality and in terms of their production and application economy and ensure lucrative sales.

Making the Available Potential More Effective

Achieving the requisite growth by way of intensively expanded reproduction increases the need to make the available production potential more effective and fully exhaust the intrinsic sources of the cycle. Among those intrinsic sources that must be made still more productive also are high, above-average results in reducing prime costs. In analyzing the capitalist surplus profit, Marx shows it to stem from reducing production costs "which either is due to the fact that capital is used at larger than average volumes so that the incidental production expenses drop while the general causes for increasing the productive force of labor (cooperation, division and so forth) can work at a higher grade, with more intensity."¹³

In our trying to attain higher efficiency it is exceedingly important to remember those statements from Marx. We should still make more then of the advantages of rational concentration, division of labor and cooperation and in that process especially also still make the means of production "more effective" in the broadest sense. Marx variously referred to that idea. With regard to the capitalist reproduction process, he wrote "the same fixed capital can be more effectively used up both by prolonging the time of its daily use and through the intensity of its use."¹⁴ Elsewhere he points to the possibility of reproduction on an expanding scale that does not come out of accumulation but from the "re-investment of money reserve funds"¹⁵ in the form of improved machines which--as Engels likewise confirmed--"can almost all be integrated in the existing framework of machinery."¹⁶

Altogether, Marx investigated very thoroughly the qualitative development, the level of the means of production in their importance to efficiency and cost trends. "The more lasting the machine," he wrote among other things, "the more the price for the product and its given production costs is diminished" and all the smaller therefore also is the capital outlay for a production period.¹⁷ The reduction in repairs, e.g., "to that extent reduces the price, as the machinery has greater durability."¹⁸ Significant for enhancing efficiency therefore are the efforts by the working people to reduce the production costs through personal care, systematic service and preventive maintenance and through the rational organization of general overhaul and an improved modernization of equipment and installations, to gain capacities and reduce to a minimum losses due to downtime. It makes no less of a difference if, through scientific-technical data, the use of production experiences, better organization and other things, material funds can be saved, energy allocations need not be used, and investments can be avoided. And what Marx explained with regard to the capitalist reproduction process, that "constant capital can be released when by improvements and such, constant capital of lower value is made to perform, technically, the same service that a higher value of capital was needed for previously,"¹⁹ we should rate that as anticipant pleading for, largely, investment-poor rationalization solutions. They are an important step toward perceptibly

enhancing investment and basic assets effectiveness and achieving a faster production growth relative to the pro capita basic funds allocation. To get there, we will have to modernize what we have and build more means of rationalization. The combines' own construction of means of rationalization is increasingly becoming the crucial prerequisite for materializing available financial funds in the form of modern means of rationalization rapidly and in a targeted fashion whereby the reconstruction and modernization and, indeed, the conversion of entire technological processes, become possible.

Intensifying the cycle of the funds in the accumulation phase, and indeed in all investment implementation--mainly for economically decisive projects--means greatly reducing the time frames from project planning to end production because the deadlines control the economy. A smoothly flowing course of redesign without virtually any interruptions in operations deserves to be looked at also with great attention from this vantage point.

Speeding Up the Cycle

At the most recent Central Committee session, Comrade Erich Honecker affirmed it was necessary to approach, undeterred, all production problems, from preparation to sales, from the standpoint of efficiency. "We must soberly examine what is profitable and what is not to our republic, to the combine, to the enterprise."²⁰ The most significant asset on this account lies in tapping more new reserves than we have done through a more efficient use of what we have got. That does not primarily depend on material-technical conditions or on resorting to copious funds but rather on the ability of management to provide the entire reproduction cycle, all the way through, with an optimal organization.²¹

Essential guidance for this comes from Marx' ideas about the cycle and the funds turnover. Marx supplied us with universally valid references to making the potential more effective in all reproduction phases and to contracting the production and circulation time frames. "The main means for contracting the production time frame lies in increasing labor productivity," he writes, and he points out that while fund allocations more or less remain equal the efficiency of such funds increases if "through newly discovered procedures most protracted processes of the past are, at relatively low costs, reduced to a minimum."²²

The contracting of production time frames in our economy can mainly be brought about by

- avoiding or cutting down production interruptions by means of more rational production organization, an extensive use of the multi-shift system, reducing illness and using up annual leave during the calendar year more or less all at once;
- shortening the production period by means of highly productive production procedures, especially by comprehensive socialist rationalization and redesign, by automation, a division of labor and cooperation;
- replacing certain natural processes within production in accordance with scientific-technical and economic opportunities; and
- limiting inventories and ensuring what is needed for a smooth production process.

Together with contracting production time frames, the intensification of the practical processes require a higher circulation rate. The circulation period essentially depends on the time it takes for sales (making the goods and selling them). The ways to shorten that duration lie in "improved communication," Marx writes.²³ More rational means of transportation, shifting from highway to railroad shipments, using fast and regular ocean-going transports, the opportunities for information exchange via a far-flung telecommunications network, ADP and the rationalization of entire transport, transshipment and storage processes--all that greatly affects the circulation period. With transportation and communication improving, it is reduced, and the funds' effectiveness rises.

Production organization has to be oriented more than previously to the sales of the commodities as they really are, to the buyers' demands. Production that is not proper as to qualities, assortments and delivery deadlines produces uneconomic inventories, in extreme cases stocks that are hard to sell or

white elephants, which in turn cause blockages in the smooth flow of the cycle, make for excess expenditures, and vastly diminish efficiency. For that reason an improved production organization in the enterprises and combines is as necessary as is their cooperation in the production of end products. That process also implies more rational intra-plant transportation. When the product is brought out and the needed means of production is bought, the cycle in one enterprise or combine links with those in other enterprises and combines. In this process of exchange one then finds to what extent an enterprise meets the social requirements as far as the intrinsic values and production costs of its commodities are concerned. Scientific-technical and economic top world standards more and more become the yardstick for it. Marx points out that the value of a commodity is determined by "the minimum of time in which it can be manufactured, and that minimum is set by the competition."²⁴

In the "Principles" Marx writes that the intrinsic value of a product is circumscribed by the needs gaged,"not against the needs of the producers, however, but the total needs of the traders."²⁵ In the GDR's socialist economy we produce intrinsic values for public needs, the economy and hard currency-producing exports. So we must produce as inexpensively as possible and get maximum income out of it.

All this shows the great relevance of Marx' theory on the intensively expanded reproduction and economic cycles which--enriched by the practical experience with and generalizations about the more mature requirements--constitutes the Marxist-Leninist foundation for our party's economic strategy for the 1980's.

FOOTNOTES

1. Cf. Comrade Erich Honecker, "Bericht des Zentralkomitees der Sozialistischen Einheitspartei Deutschlands an den X. Parteitag der SED" (SED Central Committee Report to the 10th SED Congress), Dietz publishing house, Berlin, 1981, p 60.
2. Cf. Guenter Mittag, "Our Party's Economic Strategy--Expressing the Dynamic Development of the Socialist Planned Economy," EINHEIT, No 9, 1982, p 878.

3. Cf. "Aus dem Schlusswort des Genossen Erich Honecker, 5. Tagung des ZK der SED" (From the Concluding Speech by Comrade Erich Honecker--Fifth SED Central Committee Session), Dietz publishing house, Berlin, 1982, p 27.
4. Cf. Guenter Mittag, op. cit., p 879.
5. Karl Marx, "Capital," Vol III, Marx/Engels, "Werke" (Works), Vol 25, Dietz publishing house, Berlin, 1964, p 828.
6. V. I. Lenin, "On the So-called Market Question," "Werke," Vol 1, Dietz publishing house, Berlin, 1961, pp 79 ff; V. I. Lenin, "Once Again About the Question of the Realization Theory," "Werke," Vol 4, Dietz publishing house, Berlin, 1955, pp 69 ff.
7. V. I. Lenin, "To the People's Commissariat for Finances, 1 February 1922," "Werke," Vol 35, Dietz publishing house, Berlin, 1962, p 524; V. I. Lenin, "About the Role and the Tasks of the Trade Unions," "Werke," Vol 33, Dietz publishing house, Berlin, 1962, p 171.
8. "Programm der Sozialistischen Einheitspartei Deutschlands," Dietz publishing house, Berlin, 1976, p 27.
9. Karl Marx, "Principles of the Critique of the Political Economy," Dietz publishing house, Berlin, 1953, p 591.
10. "Aus dem Schlusswort . . .," op. cit., loc. cit.
11. Karl Marx, op. cit., p 248.
12. Ibid., p 657.
13. Ibid.
14. Ibid., p 355.
15. Karl Marx, "Capital," Vol II, Marx/Engels, "Werke," Vol 24, Dietz publishing house, Berlin, 1963, p 173.
16. "Engels to Marx," Marx/Engels, "Werke," Vol 29, Dietz publishing house, Berlin, 1963, p 294.
17. Karl Marx, "Principles . . .," op. cit., p 651.
18. Karl Marx, "Capital," Vol III, loc. cit., p 91.
19. Ibid., p 127.
20. Cf. "Aus dem Schlusswort . . .," op. cit., p 23.
21. Cf. Guenter Mittag, op. cit., p 879.
22. Karl Marx, "Capital," Vol III, loc. cit., pp 80-81.

23. Ibid., p 81.

24. Karl Marx, "The Misery of Philosophy," Marx/Engels, "Werke," Vol 4, Dietz publishing house, Berlin, 1959, p 95.

25. Karl Marx, "Principles . . .," op. cit., p 309.

5885

CSO: 2300/250

GERMAN DEMOCRATIC REPUBLIC

COMBINES SEEN AS FOUNDATION OF 'ECONOMIC STRATEGY FOR 1980'S'

East Berlin EINHEIT in German Vol 38 No 3/4, Mar-Apr 83 (signed to press 18 Feb 83) pp 316-322

[Article by Prof Dr Claus Kroemke, economist, deputy department chief, SED Central Committee: "Higher Productivity of the 'Social Total Worker.'"]

[Text] Always rediscovering the wealth of ideas in the Marxist theory is as necessary as it is profitable for answering all the many questions which life has raised in the implementation of the 10th party congress decisions. That includes the question of how to achieve a higher productivity and efficiency on the part of the "social total worker." From a concrete analysis of practice and the increasing requirements, conclusions are drawn, especially for management activity in our combines.

While shaping the developed socialist society and implementing the 10th party congress resolutions, our party has to deal and cope with a wealth of new questions. That is germane to the socialist order because this, after all is among the inevitabilities behind social development, it being a process in which the obsolete is done away with and the new is born, a process of revolutionary advances on the basis of the revolutionary theory created by Marx, Engels and Lenin. That has enabled the workers class, under party leadership, to overthrow capitalist rule, pave the way in constructing a new society, socialism, as the first phase of communism, and proceed along that way successfully on the basis of Marxism-Leninism and the universally valid experiences of the USSR. Part of this mental equipment is Karl Marx' "Capital," which was published more than a century ago, and which provides the workers class not only with the theoretical principles for overthrowing the old order but at once also with a textbook for the construction of a new society.

One who thoroughly studies that work will find that it keeps providing new riches of knowledge again and again. This manner of "consulting with Marx" as the perusal of the classic Marxist-Leninist authors altogether, is more than doing one's homework in theory; it is a basic assignment in the creative appropriation of the whole intellectual wealth of Marxism-Leninism. The Karl Marx Year 1983 offers a special occasion for productively pondering our relationship to the theoretical legacy of the classic authors in terms of drawing

our own inferences from it. This we now intend to explain with reference to one of the many aspects of Marx' economic doctrine. Marx has bequeathed to us an all-encompassing system of theoretical knowledge about economic interconnections of immediate practical importance, especially, to the tasks to be resolved in implementation of our party's economic strategy. This refers not only to specific remarks from Marx in which he himself explicitly draws the bow toward socialism but rather to what is the essence of his economic doctrine. While uncovering the fundamental contradiction in the capitalist social system, Marx also analyzed the social nature of labor which, at a qualitatively higher social scale, shapes socialist economy. To disclose the economic thrust of the capitalist social order, Marx, in the core of his theory, of necessity anticipated fundamental connections in the socialist economy.

So he developed within a cohesive theory the social character of labor in its essence, its roots, its manifestations and its effects on productivity and efficiency. This he had to do because in capitalist practice, obscuring the true relations, "the development of the social productive forces of labor and the conditions for those developments" are made to appear as "an accomplishment of capital."¹ All "this application, based on social labor, of science, the power of nature and the labor products at large volumes"² is made to look as if these were capacities belonging to capital. This fundamental realization was necessary to unmask the true nature of capitalist exploitation and properly conduct the class struggle. It helps also today in refuting the bourgeois propaganda fabrications about an alleged "vital" and "beneficent" existence of capitalism.

To us in the GDR is especially important what Marx has to say about the connection between the social nature of labor and the increase in its productive force and about the "economization of the production conditions," hence about intensification. "It is characteristic of all forms and combinations of labor developing under capitalist production that they reduce the time needed for the production of goods and so also diminish the mass of workers required for the production of a given output."³ What else does this express but the fundamental importance of "all social forms and combinations of labor" for the deliberate utilization of the law of time economy, a task crucial to further strengthening our republic, because "the higher the scale and the productivity in which needed provisions are produced, the larger the portion of labor that can be used to manufacture manifold forms by which the surplus product can be consumed."⁴

The conclusion that derives from that is that perfecting the social character of labor, higher productivity and more opportunities for consumption are logically linked up with one another. Our party takes account of that through the main task policy, the unity of economic and social policy, in the carrying through of which increased labor productivity remains the most important.⁵ It is up to the managers, together with the trade unions, the FDJ, the innovators and inventors, to mobilize working people initiative and make effective the various factors affecting the growth of labor productivity in an all-encompassing sense. That includes above all an efficient organization of the social labor process in each brigade, each domain, each enterprise and combine, throughout the entire economy. This includes of course a proper order in the everyday production rhythm. But what matters mainly is doing everything in management activity for making the intensification factors permanently effective in the way they work out together. We must constantly create the prerequisites for making an

optimum use of available working time and ensuring at the same time the production growth rate while reducing specific energy and material expenditures. Only by concentrating scientific-technical progress on that can the prerequisites be created for well organized everyday labor activities.

Such social labor organization marked by intensification is needed to make the most of the collective social labor capacity. That includes labor assignment according to qualifications as well as promoting the desire for new knowledge, production skills and abilities, and it is becoming ever more important for it to cope with the technological process at a larger range and to be able to take an active part in perfecting it through rationalization measures. From all these vantage points the organization of the social labor process has to be understood as an increasingly complex task.

The "Social Total Worker"

Marx gave us a very graphic idea of the social character of labor by coining the term "social total worker." That defines the totality of all division of labor cooperation, of the "partial workers," in the overall social production process but also, and this is what Marx mainly had in mind, in the enterprise. This concept of the social total worker particularly marks the new quality of the social productive force of labor. Because the "total worker has eyes and hands front and back and is, as it were, omnipresent, the total product produces faster than the 12-hour work day by more or less separately operating workers tackling their work in a more one-sided fashion."⁶ This means that through this social total worker the abilities of men as beings collectively engaged in the production process come out in a manner that uniquely improves the productive force of their labor.

The crucial factor Marx finds in that "the production of the total workers combined on a large scale grants and permits"⁷ constant improvements in the massive application of the means of production which stem "solely and exclusively from the social experiences and observations" by these combined total workers.⁸ By the social character of labor then qualitatively new opportunities are implied for the collecting and spreading of social labor experience, so that man can gain an entirely different and more active relationship to his production conditions and render them most productive.

This bluntly states what it is on which any improvement of production, and any decisive advance in implementing the economic strategy, depend first and foremost, on more purposefully organizing still this process of collectively gaining work experience, that is. Attention has to be paid to having each improve his abilities while engaged in production.⁹ It furthermore amounts to perfecting the abilities of the whole work collective, to questions about the proper composition of the collectives with respect to the labor tasks to be coped with and to organizing the teamwork of the diversely pronounced skills and facilities of the individuals. Whether and to what extent each optimizes his tasks in the collective largely depends on the ability of the manager in organizing such a collective labor process.

This "gathering of production experience" ought to be understood in a more encompassing sense, however. In today's modern large-scale industrial production, any production process, after all, always comes to grips with nature, in the sense of an optimum utilization and control of the natural laws for the sake of higher productivity and efficiency. Even the use of the most up-to-date technologies never is anything static but calls for further penetrating the inevitabilities behind them. In this sense then the technological process itself, resulting in the application of science data, also becomes a new point of departure for further scientific advances.

Relative to the activity of the social total worker in the comprehensive sense, creating and constantly perfecting the scientific foundations for production--proceeding from the constantly growing production experience in the labor process and the task that, in that connection, have to be coped with in coming to grips with nature--becomes a social task in its own right. That turns the scientific work for production into a branch of the activity of the social total worker. According to Marx it was "large-scale industry" which, with its principle "of breaking every production process down into its constitutive elements, in and by itself and, initially, without regard to the human hand" that created "the completely modern science of technology" that broke the production process down "into specific and systematic applications of the natural sciences, deliberately according to plan and according to the benefits sought."¹⁰

That allows scientifically penetrating production and gaining economic efficiency by means of this scientific control over production. A dialectical process takes place then where scientific activity crystallizes as "part of the social total worker who simultaneously is tied to it with thousand threads. It is important that they prove themselves members of total labor, of the naturally grown system of the social division of labor in that specific social needs are satisfied by specific useful work." The fifth Central Committee session oriented us to "achieving a high economy by means of modern technology" and using the scientific-technical opportunities for it.

This objective connection between technology and economy through realizing their results in the production process extending all the way to the sale of the products also necessitates the cooperation between men and their management. How that is done also is a question of the social conditions under which that takes place, and Marx' idea of the "social total worker" tells us how. Pursuant to his ideas of "an association of free men working cooperatively with the means of production and consciously investing in it their many individual labor capacities as a social labor force,"¹² our society has increasingly created the necessary prerequisites for it, which are constantly being further perfected. The critical yardstick for it are the mandatory tasks for each of the "more or less mutually dependent branches of social total production"¹³ as posed by the national economic plans. But each must also be aware of being part of this total social production process on behalf of all society and feel responsible to the fulfilment of the plan tasks. Where a plain worker engages in thinking about "strangers," becomes aware, in other words, that he is a link in the total social process, communism begins, Lenin wrote.¹⁴

The Dynamics of the Productive Forces

The social character of production is deeply tied up with the development of the productive forces. Dependent on the transition to large-scale machine production, its further development causes changes in its technological base. The technical base of modern industry is revolutionary, Marx wrote. "Through machinery, chemical processes and other methods it constantly revolutionizes, with the technical base of production, the workers' functions and the social combinations in the labor process."¹⁵

That, first of all, gives rise to the general conclusion that any technological change also, and above all, is a change in the ways and means of social labor organization, in small and large respects. This connection applies everywhere. Taking it deliberately into account from the outset is of special importance to socialist society, where production, from the very start, is carried on on behalf of man. Paying attention to the available potential of abilities, using the experiences the work collectives were able to gather, which have more closely melded together these collectives, and above all the enormous stimulating capacity that develops when men realize a change as necessary and regard it as their own personal concern--all that essentially controls the effectiveness of any technological measure.

Thus, social production organization must not be understood merely as organizing the technological process, but one must above all understand that this amounts to deriving an optimum effect from the people in the labor process. There then also is of course an interaction between the technological requirements and the proper distribution of labor tasks in the collective. New technological solutions often call for different labor tasks and a different distribution of responsibilities among the individuals in the social labor process. Solving all the questions involved here poses a special challenge to responsible managers. If they, merely in a routine fashion, attach changes in the technological process to the labor tasks to be coped with in the collective, important efficiency reserves remain unused. Men are always most important, not the machines or aggregates. For that reason the problems of the division of labor and, with it, of the cooperation within the collective have to be resolved in such a way that most is made of human work capabilities available or suitable for further development. That mainly lends social labor organization an importance in its own right as a factor that increases labor productivity and efficiency.

In examining these interconnections Marx always proceeded from the dynamic character of productive force development due to modern large-scale machine production. He thereby recognized and predicted a developmental trend which is still crucial and pertinent to practical efforts today. "Revolutionizing the mode of production in one sphere of industry also causes that in other spheres to be revolutionized,"¹⁶ he demonstrated, and from that he inferred that this could possibly lead to "production branches independent formerly to combine, as, e.g., in the factories where spinning and weaving is combined into one continuous system."¹⁷

All this means that there is neither an unchangeable production structure nor an unchangeable division of labor but that, through suitable forms in organizing social labor, production branches have to be combined to preserve their

inner connection. That leads to the combine, the "labor combination" Marx normally refers to in one breath with the division of labor. He always looks at the overall context, the ties, the cooperation. He foresaw that with the development of industrial production capital concentration and centralization would make headway and that precisely through the combination of capacities new opportunities would arise for efficiency improvements. "The greater expansion of the industrial establishments," he explained, "everywhere forms the point of departure for a more encompassing organization of the total work of man, for a broader development of their material impulses, i.e., for a progressive transformation of separate and traditionally operating production processes into socially combined and scientifically oriented production processes."¹⁸

By forming the combines our party has drawn in good time the appropriate inferences from contemporary requirements as recognized by Marx, Engels and Lenin. Through them, based on the quantitative and qualitative production level achieved and on socialist industrial management experience, that basic organizational form for social production was created which allows solving with high efficiency the higher tasks derived from the economic strategy for the 1980's. The measures set by the fourth and fifth SED Central Committee sessions underscore the great responsibility of the combines for ensuring the rational organization of the social reproduction process in their areas of responsibility and, constantly, the prerequisites for carrying on the combines' intensively expanded reproduction. That means, e.g., seeing to it that the effectiveness of the social labor capacity concentrated in the combine, in conjunction with the qualifications of the personnel and an ever better manner of their cooperating with one another, will improve. That also means using science and technology and the real effect they have on changes in technological processes in significantly boosting the expansion and development of their own construction of means of rationalization. And furthermore that means improving the cost/benefit ratio altogether so that the cycle of our intensively expanded reproduction is placed on an ever higher scale, not only in terms of material but also in terms of values as produced in the combine's end results.

Organizing the social reproduction process in the combine then is a task dynamic in character. It must take account of the constantly rising demands made on efficiency in using the capacities and funds the combine has available as well--and this is the critical point--of the changing economic requirements as to the volume, quality and structure of combine production, mainly with regard to public supplies and export requirements. In such flexible work done by the combines one finds a new and higher management task already defined in the plan.

The Key Point: Higher Labor Productivity

Marx held the advantages of large-scale labor to be equal to "natural force." "Not until large-scale industry man learns to let the product of his past, already embodied, large-scale labor become effective gratuitously, like a force of nature."¹⁹ To us that means that intensification sources can be used here which call for no extra expenditures. Marx summarized all that in his remarks on the "economy of constant capital."

While taking for granted that social production "through joint consumption economizes"²⁰ on the use of structures and machines, energy and material, we ought to be aware that this initially is only a possibility, and that this possibility truly leads to higher labor productivity and efficiency only by an appropriate and deliberate labor organization. At the fifth Central Committee session, e.g., Comrade Erich Honecker pointed out that in many combines and enterprises inventories simply still were too high and that not the labor for the storage room but for sales must guide our efforts.²¹ The conclusions from that entail, together with clearly orienting to marketable production assortments, some fundamental change in the organization of the production processes so as to decisively diminish stocks on temporary storage or of materials through a higher level of of intra-enterprise and inner-enterprise cooperation to the extent permitted for ensuring smooth production processes. So we must very cautiously handle the "natural forces of social labor,"²² as any other natural force as well, which means using them purposefully because, after all, especially these "natural forces" are men and their deliberate collective cooperation.

All this means fulfilling all concrete production tasks according to schedule. It means excellent qualities and reliability on every job, collective, enterprise and combine. It means a maximal contribution to improving the cost/benefit ratio on every spot. One job depends on other jobs, one enterprise on another, and the whole national economy depends on the work done by all. What is generated there through increasing productivity in the various branches of social production is a "gain that amounts to the product of social labor."²³

On the basis of the socialist planned economy, of economic management according to the principle of democratic centralism, and of our reproduction organization in industry and construction by means of combines, we have all it takes for still improving the "gains" through a conscious organization, according to plan, of the social character of labor. For constantly more effectively utilizing this as well as all other advantages inherent in socialism and our incomparable opportunities, the economic strategy the 10th party congress issued for the 1980's gives us the guideline. It is up to all of us to follow it persistently with consistency and foresight.

FOOTNOTES

1. Karl Marx, "On the Critique of Political Economy (1861-1863 Manuscripts)," Marx/Engels, "Gesamtausgabe, zweite Abteilung" (Complete Works, second section), Vol 3.6, Dietz publishing house, Berlin, 1982, p 2162.
2. Ibid.
3. Ibid., p 2053.
4. Ibid., p 2256.
5. Cf. "Aus dem Schlusswort des Genossen Erich Honecker, 5. Tagung des ZK der SED" (From the Concluding Speech by Comrade Erich Honecker—Fifth SED Central Committee Session), Dietz publishing house, Berlin, 1982, p 24.

6. Karl Marx, "Capital," Vol I, Marx/Engels. "Werke" (Works), Vol 23, Dietz publishing house, Berlin, 1962, p 346.
7. Karl Marx, "Capital," Vol III, Marx/Engels, "Werke," Vol 25, Dietz publishing house, Berlin, 1964, p 89.
8. Ibid.
9. Cf. Guenter Mittag, "The Main Task Is Being Implemented With Success," NEUES DEUTSCHLAND, 4/5 December 1982, p 5.
10. Karl Marx, "Capital," Vol I, loc. cit., p 510.
11. "Aus dem Schlusswort . . .," op. cit., p 27.
12. Karl Marx, "Capital," Vol I, loc. cit., p 92.
13. Ibid., p 372.
14. V. I. Lenin, "The Great Initiative," "Werke," Vol 29, Dietz publishing house, Berlin, 1961, p 417.
15. Karl Marx, "Capital," Vol I, loc. cit., p 511.
16. Ibid., p 404.
17. Karl Marx, "On the Critique . . .," op. cit., p 1951.
18. Karl Marx, "Capital," Vol I, loc. cit., p 656.
19. Ibid., p 409.
20. Ibid.
21. Cf. "Aus dem Schlusswort . . .," op. cit., p 26.
22. Karl Marx, "On the Critique . . .," op. cit., p 2164.
23. Karl Marx, "Capital," Vol III, loc. cit., p 92.

5885

CSO: 2300/250

TASKS OF AGRICULTURE, FOOD INDUSTRY NOTED

Budapest ELELMEZESI IPAR in Hungarian No 4, Apr 83 pp 121-124

[Article by Sandor Kovacs, chief of the Main Department, Ministry of Agriculture and Food Industry: "Tasks of Agriculture and Food Industry for 1983"]

[Text] The main characteristic of our 1982 national economic development is that despite conditions that were even more difficult than had been expected, we were able to preserve our international solvency. In order to achieve this, our gross national product and our national income had to increase approximately according to plan and domestic expenditures of our national income had to be reduced even more than anticipated while at the same time popular consumption had to rise moderately.

While the production growth of industry as a whole has fallen short of the plan, the food industry has increased its outputs according to plan (by three percent). The growth of agricultural production has exceeded both the national economic average and its planned levels (sectoral production values have increased by about 5 percent those of our agricultural products by almost 3.5 percent).

On the positive side, specific material use has become more efficient in virtually every branch and sector of our national economy and there has been considerable improvement in our foreign economic balance. To a great extent this has been due to a 9 percent increase (at current prices) in our non-ruble cleared exports of agricultural and food industry products, compared with last year's already high levels, while imports of the same have dropped by about 16 percent.

Despite difficult economic conditions the overall results of our agriculture and food industry in 1982 were favorable. Some of the main characteristics of these results were as follows:

--There was a nearly three percent increase in the volume of plant production. Within this increase, the production volume of our 1982 grain crop was the greatest in recent years. Grape and fruit production exceeded both the previous year's and the planned levels.

--Livestock breeding and the production of animal products have continued to grow at an annual rate greater than planned (by 3.5 percent), although the number of cows in our cattle population has dropped somewhat. Also favorable has been the development and makeup of our slaughter animal stock and animal-product production.

--Food industry production has developed in harmony with our basic material production, our export objectives and supply needs. Our selection of domestic supplies has been expanded, quality has improved and at the same time export objectives that were even added to during the year have been essentially fulfilled.

Efforts to ensure the material-technical conditions of production have encountered several obstacles (temporary shortages of chemicals and certain pesticides and frequent shortages of machines and especially main parts). The results of our agricultural development and investment activities can be considered favorable; at the same time, in the food industry (mainly as a result of competitive biddings for construction contracts) the number of newly constructed grain elevators has exceeded the planned levels.

Our Main Tasks for 1983

Our main tasks for 1983 stem from the objectives laid down in the national economic plan. In view of the possibility that our foreign economic condition will further deteriorate (for example, that our turnover ratios will worsen, that our dollar-cleared export possibilities will be more limited and that the price of implements and industrial raw materials will increase), improving our efficiency as well as our domestic and external balance will be an even more important and more difficult task than before.

Accordingly, the most important tasks facing our various sectors in 1983 include the need

--to increase our non-ruble cleared export volume by about seven percent, while decreasing our imports from that sphere by at least two to three percent and

--to establish a commodity stock which is sufficient to maintain our domestic supply levels and which is necessary to ensure the fulfillment of our socialist export obligations.

According to the plan, the gross production value of our agricultural product (computed as based on constant prices) should increase by 2 percent, together with a 3 percent growth in sectoral and a 1.5 to 2 percent growth in food industry production.

1. In order to attain our goals in the field cultivation of plants, increased attention must be given to soil preservation.

Our grain program constitutes the basis of our entire agricultural program. Its success will enable us to expand one of our most efficient exports; hence it is important that we increase the sowing area of grain crops. It is essential that we dynamically continue the construction of grain elevators.

Of our industrial plants, the sowing area of oleaginous plants will be maintained at present levels, while that of sugar beets will decrease by about eight percent. In the area of vegetable production, a six to seven percent growth is called for both to meet domestic supply needs and to fulfill our export objectives. In order to ensure this, our primary task is to stop the downward trend in the development of our sowing areas.

In fruit production--compared with our extraordinarily good plan year in 1982--we are not planning any increases; here our objective is to maintain supplies and exports at this year's levels. Since this may lead to possible recurrences of our earlier difficulties in marketing and storing apples, advance arrangements must be made to ensure better handling of this problem. The plan calls for the planting of 3,000 hectares of new fruits, mostly stone-fruits and exportable berries.

Our planned levels of vegetable and fruit production are sufficient to meet the basic material needs of our processing industries and can ensure a 1.5 percent growth in canned food production and an almost 4 percent increase in the output of refrigerated goods.

The plan anticipates an approximately four percent increase--even surpassing this year's outstanding vintage--in grape and wine production. This calls for urgent action to help solve our storage and marketing problems.

2. The most important task facing stock breeding is to increase pork and beef production while reducing its breeding losses and improving fodder utilization.

In the cattle sector, the plan anticipates a small decline in the total stock but expects a slight increase in beef cattle raising. Losses in the cow population on the small-producer level must be offset by increases in large-scale meat-yielding stocks. Our milk yield per cow (3,970 liters) must be increased by at least 100 liters. In addition to increased yields, the sector's competitiveness can be further improved by expanding cost-saving beef cattle raising.

On the basis of one of our largest hog populations on record, and in the hope that present producer interest will be maintained, we anticipate a modest (1.6 percent) increase in slaughter hog raising.

Based on our beef cattle and slaughter hog output we can expect a nearly three percent production increase in the meat industry. In addition to stating the need for high-quality domestic supplies, the plan also calls for a more profitable export structure that can adjust to foreign market demands (while there will be essentially no change in the level of bony-meat exports, there will be a 4 to 5 percent drop in livestock exports and a 24 percent growth in the export of processed goods).

In the area of poultry farming and processing, producer interest is satisfactory, although the prospects of foreign marketing are uncertain. Consequently, we are unable to forecast any increases in a year's production; therefore to be practical, schedules and contracts should be prepared only in response to those needs that can be predicted to arise during the foreseeable period of the first half of 1983. Only later will we be able to develop a realistic approach regarding the second half.

The plan calls not only for continued increases in sheep population and in slaughter lamb and wool production but also for a structure that can better adjust to market needs (demand has shifted more toward middle and heavy-weight roasting lamb and away from milking lamb).

Some partial changes notwithstanding, the system of conditions for implementing the plan is firmly in place.

1. Regarding the method to be used to attain the goals of the plan, no major changes are expected. Our agricultural policy remains unchanged. In production as well as in marketing, increased emphasis will be placed on expanding the multisector concept and the use of multichannel solutions.

While remaining committed to preserving and strengthening our large plants' integrated activities, we continue to support small-farm production. As far as we can predict, their role in the production of manual labor-intensive plants and fruits, and in livestock breeding--especially in hog and small-animal raising--will continue to be significant.

2. With economy-minded and rational management, the material-technical conditions needed to bring about a growth in agricultural production can be considered secure. Within these conditions as a whole, however, our investment possibilities will be more limited.

In the food industry, our investment possibilities will not reach the expected level for 1982. Within the limits of our given possibilities, special emphasis will be placed on targeted investment-type, cooperative grain elevator construction projects.

Due to diminishing resources, enterprise investments in the food industry will decline. Essentially, as resources become available they should be devoted not to postponable investments but to machine equipment that can enhance the attainment of our export objectives.

3. We need to make some changes in our system of price and monetary regulations. They have become necessary due to changes in our external and domestic conditions. (Our foreign trade and our possibilities of obtaining credit have significantly deteriorated, and there have also been some changes in our domestic economic processes.) Changes in the money market--and the need to improve our existing balance--have made it necessary for us to increase significantly our non-ruble exports while cutting back on our imports, and at the same time the failure of the planned increase in our national income to materialize has necessitated further reductions in domestic expenditures.

These changes in the price and monetary regulators are aimed at providing our economic organizations with even greater incentives to increase their profitable exports, to be economy-minded, to make better use of their resources and capacities and to make their work organization more rational.

a. In agriculture--offsetting increases in production costs--there will be an average increase of four percent in producer prices, although naturally the extent of this increase will be different for each product (for example, the income situation of corn, rice, tobacco, peas, milk and wool has improved; in many sectors it is in proportion with the increase in costs, as in the case of cereals, hemp and flax, beef cattle, slaughter hogs, vegetables and fruits), while the income level of some products will drop (as in the case of oil seeds, seasoning paprika, potatoes, wine grapes, mustard and wine, slaughter poultry, slaughter lamb, eggs and fish).

These changes will naturally increase raw material purchase prices in industry. This is what has made changes in producer prices necessary in the affected branches of industry.

b. Compared with 1982, there will be no significant changes in the regulatory system controlling the enterprises of our food industry. The changes that have been decided upon will affect only certain elements of the system.

1. Due to the above reasons, producer price adjustments will occur on a relatively broad scale. In implementing them it is important to keep in mind that producer prices can only absorb a part of our nonagricultural and nonfood industry cost increases. The other part will have to be offset by better work and more efficient management. Special mention should be made here of increased interest rates, SZTK /Trade Union Insurance Center/ contributions (of which in the case of some industrial branches two of the three percent can be offset by way of producer price adjustments) and energy costs.

2. In the food industry also, standards will be established to identify low-efficiency enterprises and a series of measures will be put into effect to help impose penalties on them. This is aimed at forcing them to manage their resources more rationally and productively. This category might include enterprises whose performance in terms of their capital-wage ratio fail to reach one-half of the average level characteristic of its industrial sector or specialized branch in 2 consecutive years. These penalties are extremely stiff (for example, management audits, complete freezing of investment resources, redistribution of funds and as a last resort even a complete shutdown). From the point of view of evaluating and determining their 2-year performance, many enterprises--particularly those that have been reorganized--will be judged on the basis of their 1983 results.

3. In the area of enterprise income regulations, measures will be introduced according to which

--1983 year-end accumulations of reserve funds generated prior to 1980 will have to be paid into the budget,

--MUFA /expansion not known/-fund accumulations will no longer be mandatory (although voluntary fund accumulations will continue to be possible). Instead, enterprises will be required to turn in 0.3 percent of their material-free total sales in the form of central technical development contributions,

--strict measures will take effect (bank sanctions) to block unjustified stock accumulation (surplus stock piling), for example by withholding circulating capital.

--The 7 percent one-time tax on 1982 profit-side F-funds and 1983 depreciation allowances (which does not apply to export development loan payments falling due in 1983) and the 30 percent drop in construction-structural amortization rates also apply to the food industry.

4. While our ruble-cleared export subsidy system will remain intact, the conditions of non-ruble cleared activities are expected to undergo changes:

--Subsidies will be normative or product category-oriented (generally 6 percent and 14 percent, respectively).

--Starting 1 January 1983, the 2.5 percent and 6 percent special withdrawals introduced in connection with this year's exchange rate adjustments will be discontinued.

--Available wage preferences--after every 1,000 forints worth of surplus export sales--will be set at 40 forints up to 36 ft/\$ and 30 forints between 36 and 47 ft/\$.

--The amount of interim-term subsidies earmarked for modernizing production will be determined concurrently with producer price adjustments and according to commodity categories, taking into account the load-bearing capacity of state purchase prices, export prices, rippling import prices and the budget.

Under even more stringent conditions, import allocation controls will continue to remain in effect in 1983.

5. There will be quite significant changes in the wage and income--regulatory system of state enterprises. The goal of this modernization is to provide even greater incentives than before for improving the efficiency of our economic activities and to stimulate more rational manpower management.

Starting 1 January 1983, two basic forms of income regulation will be in effect:

--wage regulations dependent on the level of enterprise profitability and

--central wage regulations.

Both forms have versions designed to help maintain or reduce existing work force levels.

Our food processing enterprises--with the exception of our wine-producing, poultry-processing and canning enterprises--will use that version of the central wage regulations which is designed to encourage work force level maintenance. (The meat-processing industry will also fall under the central wage regulations as well as under their work force reduction-oriented version.)

Under these systems, taxes will be levied according to increases in wage levels, although--under certain specific conditions--a portion of the tax may be written off.

Wage level increases may be exempt from taxes to the extent determined by the government--the extent of tax-free wage fund increases is 2.7 percent--and depending on the specified level of enterprise profitability.

One of the ways in which our competent authorities will help promote the shaping of wage and income regulations will be by issuing wage policy guidelines for the enterprises.

Efforts should be redoubled to assert the requirement whereby only truly superior personal performances, unequivocally verifiable with actual results and extra achievements, should be recognized by enterprise management in the form of wage increases or wage-like benefits (bonuses, premiums) over and above the base wage. Managers authorizing unjustified or financially unsecured mid-year or year-end expenditures will be disciplined at the time of their annual performance appraisal.

Summing up our tasks and economic conditions for 1983, we have to conclude that the conditions under which we will be forced to work will not become easier. We must also take into consideration the possibility that we might have to ward off other, as yet unforeseeable, factors as they arise. Our willingness and ability to adjust flexibly to various situations and circumstances will enable our leadership to act without haste even when faced with unexpected requirements. So far, our economic organizations--supported by their working collectives and the forum system--have been able every year to provide the extra effort needed to offset our increasingly difficult conditions with improved results. Hopefully this favorable trend will continue in 1983, and we will be able to fulfill our sectoral tasks as laid down in the national economic plan.

9379

CSO: 2500/283

PARTY COMMITTEE RATES CONSERVATION, ANTI-INFLATION PROGRAMS

Warsaw TRYBUNA LUDU in Polish 23-24 Apr 83 pp 1, 2

[Article by Wanda Zagawa: "Opinion on Government Programs"]

[Text] A session of the Sociopolitical Commission of the PZPR CC was devoted to formulating opinion about the following government programs: anti-inflation actions as well as those in favor of thrift and a discussion of the GUS [Main Office of Statistics] concerning the composition of incomes, outlays, and consumption by households in 1982 and the first quarter of 1983.

The discussion was led by comrade Jan Glowczyk, a candidate member of the Politburo and a secretary of the PZPR CC.

In the discussion on the information presented by K. Rusinek, the deputy chairman of GUS, concerning the results of studies conducted on family budgets primary attention was paid to the decline of real incomes and the decline of consumption.

In the short-term view--it was emphasized--one may observe in the budgets of diverse social groups a considerable differentiation between incomes and increasing contradictions. The most important of these is the contradiction between wage policy and social policy.

While accepting the general direction contained in the anti-inflation and prothrift programs, the CC Commission drew attention to the danger of excessive joint activity and haste in their implementation, particularly the latter program. In developing and in implementing the institutional deposit programs to this degree, reflection and sensible actions are necessary.

Divergent opinions were noted by the commission in discussing the imposition of a tax on luxury items. Equal claims were made for taxing luxury items by means of the price mechanism as well as the imposition of such a tax along with a specific definition of what is a luxury item and what is not.

At the same time the commission declared itself in favor of speeding up the introduction of a complete survey of the incomes of all citizens, and particularly those employed in the nonsocialized sphere of the economy.

Speaking about the need for changes in the wage systems, the commission underscored the fact that they must be carried out in closer consultation with the trade unions.

Far-reaching doubts have been aroused among the commission members by the intention contained in the programs of placing limitations beforehand on studies for working people.

On the question of leveling out taxes the commission held to its previously formulated position that they should be computed as from 2.5 to 3 times the value of the average wage in the socialized economy.

2384

CS0: 2600/845

REFORM COMMISSION TASK FORCE ASSAILS ECONOMIC POLICY CHANGES

Warsaw ZYCIE GOSPODARCZE in Polish No 21, 22 May 83 p 6

[Text] On 11 May 1983, after a period of organization, the collective body discussing enterprise functioning in the Reform Commission Task Force held its first public meeting. Chairman Zdzislaw Malicki stated that the first task of the collective body is to create a plan for systems-type solutions for the Reform Commission Task Force in 1984-85. This is a particularly important obligation because--and I quote the chairman's words--when the center does not have any conception as to how to resolve a problem by economic means, then they reach for command-administrative and accepted measures. This means turning our back on reform and we have to strongly oppose this.

Members of the collective body, especially the practitioners, give a negative evaluation of the systematic modifications adopted this year. Net production was recognized as a better measure than sold production, but it was pointed out that if the system were dependent on two measures (net production and profit), then it would be unfavorable for economic functioning and reform. However, on the other hand, the net production measures, which are easier and more comfortable for the workers to deal with, will the natural order of things eliminate the meaning and range of profit and to a certain degree the essence of reform.

During the discussion, A. Kus recalled that the WOG system was a failure because the two measures existed, not to mention the fight over the so-called economic base. Why should we return to it? L. Jaworski stated that net production is still an official measurement, but founding organs and side controls are still interested only in sales production. If an enterprise has a good, dynamic net production, but a weak sales production, then it is still evaluated as negative.

Some criticism was raised concerning the practical realization of so-called tough money, although the policy seems to be good. "The good enterprises need neither tax breaks nor credit because they are good," stated W. Wawak, "but if they are weak, they refuse any help because it is not worth it to them." As a result, the best thing to do is to be in the middle. "Live from month to month and do not look at the future," added R. Stasiak.

Concentration only on current problems contributes to the instability of the system. On this matter, there was general agreement: if we want to bring positive results, then we must stabilize economic and financial matters. Without this, we cannot count on rationalizing the activities of the enterprises. If not, then it will always be as it has been; i.e., insurance, hiding of reserves and possibilities, extensive management.

"No one today wants to do too much work because someone may come up with the idea to reduce employment by giving tax relief for FAZ," stated St. Dworczyk, explaining possibly the secrets of our surprising problems with employment. Another aspect of the problem was raised by W. Wawak, who stated that the nonadaptability of the labor law to new economic and financial solutions practically makes it impossible for enterprises to reduce significantly their employment. The majority of fired employees is returning to work. And in light of KP, they are right to do so.

During the session, the attendees heard information presented by a representative from the government's Reform Bureau, P. Schreyner, who spoke about some concepts of systematic changes for next year. In the area of employment, there is talk about introducing an obligatory work center, limits and other administrative means. A progressive income tax would have to replace a combined quota-line tax. From the base of the previous year, an enterprise would pay a specific amount, but a defined percentage of profit growth. This would mean the elimination of FAZ and the dependability of income growth on net production. Higher growth than that planned would be forbidden. If FAZ is to be halted, then it must be done not only by payment means but also through large social expenditures like consumption. Considered is the variant of an obligatory indicator of a deduction for development fund. There is also talk about another obligatory fund, this is one for the salaries fund to which would be directed means exceeding the limited growth of the payments fund.

The manner of reaction to this information was varied, depending on the temperament of each listener. But the general disenchantment was so great that the speaker emphasized three times that these ideas have nothing in common with the Procurator's Office. "We do not think up such ideas. We only register them and pass them on to the various administrative cells," repeated P. Schreyner. Despite this, people's hair rises on end when they see that reform is being derailed. If only the strength interrupting reform were creative!!! This time, everything has already been, and one knows more or less how it ended.

9807

CSO: 2600/900

STATISTICS, SEJM RESOLUTION ON BALANCE OF PAYMENTS PUBLISHED

Foreign Accounts Statistical Breakdowns

Warsaw BANK I KREDYT in Polish Nov-Dec 82 pp 268-269

[Unattributed article: "Balance of Payments of the Polish People's Republic for 3-Month and 6-Month Periods of 1980-1982"]

[Text] Balance of Payments in Currencies of the Socialist Countries for 3-Month and 6-Month Periods during 1980-1982

Table 1

d) w mln zł

a) Tytuły	b) 3 miesiące			c) 6 miesięcy		
	1980	1981	1982	1980	1981	1982
1. Towary						
Wpływy	103.775	90.413	97.511	217.643	180.603	204.432
Wypłaty	90.221	94.067	105.116	212.454	221.819	227.471
Saldo	+13.554	-3.653	-7.605	+5.187	-23.216	-23.039
2. Usługi						
Wpływy	8.912	6.995	9.803	19.905	15.606	19.170
Wypłaty	4.457	4.867	6.867	10.129	9.766	9.396
Saldo	+4.455	+2.128	+2.936	+9.776	+5.840	+9.774
3. Kresyty kredytów zagranicznych	-636	-860	-2.153	-903	-1.821	-4.669
4. Przechasy	+66		+29	+199	+122	+378
5. OBROTÓW BIEŻĄCE (od 1 do 4)	+14.049	-4.347	-4.791	+14.259	-29.053	-17.356
6. Kredyty dłużnicze i MBI długie i średnioterminowe						
6.1. otrzymane	-809	+14.049	-1.045	-2.035	+14.983	-2.394
6.2. udzielone	-1.574	-417	+70	-2.045	-628	+6
7. Pozostałe operacje	-95	+592	+993	-152	+546	+1.974
8. RAZEM DEFICYT/NADWYŻKA (od 5 do 7)	+13.971	+10.277	-1.173	+9.807	-12.164	-17.950
9. SFINANSOWANIE DEFICYTU/NADWYŻKI	-13.971	-10.277	+1.173	-9.807	+12.164	+17.950
9.1. Kredyty terminowe MBWG						
— średnioterminowe	-20.395			-10.305		
— krótkoterminowe					+20.395	+3.400
9.2. Kredyt realizacyjny MBWG i zmiany stanów rach. bank. z pozostałymi K3	+4.424	-10.277	+1.173	+900	-8.231	+14.550

Key:

a) Titles b) 3 Months c) 6 Months d) in millions of zlotys
(Key continued on following page)

Key: (cont)

1. Goods
 - Revenues
 - Expenditures
 - Balance
2. Services
 - Revenues
 - Expenditures
 - Balance
3. Costs of Foreign Credits
4. Remittances
5. Current Accounts Balance
(from 1. to 4.)
6. Longterm and Medium Term
Bilateral and International
Investment Bank Credits
 - 6.1. Received
 - 6.2. Granted
7. Remaining Operations
8. Deficits/Surpluses Taken Together
(from 5. to 7.)
9. Financing of Deficits/Surpluses
 - 9.1. MBWG (International Bank for Economic Cooperation) term credits
 - medium term
 - short-term
 - 9.2. MBWG clearing accounts credit and changes in the status of
bank accounts with the other socialist countries

Note: 1980-1981 data have been reduced for comparability with 1982 data.

Table 2

e) BILANS PŁATNOŚCI W WALUTACH KK na okres 3 i 6 miesięcy 1980-1982

d) w mln zł

a) Tytuły	b) 3 miesiące			c) 6 miesięcy		
	1980	1981	1982	1980	1981	1982
1. Towary						
Wpływy	158.203	119.869	96.848	309.695	239.223	196.930
Wypłaty	165.660	171.493	87.866	239.150	287.623	185.723
Saldo	-7.257	-51.624	+8.982	-10.663	-48.290	+9.207
2. Usługi						
Wpływy	15.665	11.667	6.349	33.663	24.300	16.663
Wypłaty	20.766	13.859	7.649	38.199	21.896	17.168
Saldo	-5.079	-2.392	-1.000	-4.736	+2.404	-305
3. Koszty kredytów zagranicznych	-34.140	-25.945	-50.031	-79.778	-70.162	-71.267
4. Przechasy	+10.800	+9.515	+3.516	+21.606	+14.898	+11.991
5. OBROT Y BIEŻĄCE (od 1 do 4)	-35.676	-80.846	-36.615	-73.571	-101.150	-50.554
6. Kredyty udzielone	-9.618	-8.999	+1.353	-8.592	-20.730	-1.537
7. Pozostałe	+13.186	-2.543	+9.440	-3.561	-29.845	-1.543
8. RAZEM DEFICYT (od 5 do 7)	-30.900	-91.928	-25.822	-85.704	-151.725	-53.236
9. SPINANSOWANIE DEFICYTU	+30.900	+91.928	+25.822	+85.704	+151.725	+53.236
9.1. Wartość zadłużenia						
— dług- i średnioterminowego	+68.670	+85.104	+27.958	+62.567	+151.156	+55.596
— krótkoterminowego	-26.783	-61.976	-3.113	-11.236	-62.840	-8.930
9.2. Wartość zobowiązań/tytułów należności na rachunkach bankowych	+13.573	+19.652	-3.801	+11.853	+7.925	-2.540
9.3. Zatrzymane rezerwy	-4.558	+3.342	-2.305	+22.539	+9.520	-1.231
9.4. Pomoc KS		+25.966			+25.966	
9.5. Kredyty refinansowe			+9.883			+10.379

Key:

- a) Titles b) 3 Months c) 6 Months d) in millions of zlotys
 e) Balance of Payments in Currencies of the Capitalist Countries for
 3-Month and 6-Month Periods during 1980-1982

1. Goods
 - Revenues
 - Expenditures
 - Balance
2. Services
 - Revenues
 - Expenditures
 - Balance
3. Costs of Foreign Credits
4. Remittances
5. Current Accounts Balance
 (from 1. to 4.)

6. Granted Credits
7. Others
8. Total Deficit
(from 5. to 7.)
9. Deficit Financing
 - 9.1. Cost of indebtedness
 - longterm and medium term
 - short-term
 - 9.2. Growth of accounts payable/decline of accounts receivable in bank accounts
 - 9.3. Use of reserves
 - 9.4. Assistance from socialist countries
 - 9.5. Refinanced credits

Note: 1980-1981 data have been reduced for comparability with 1982 data.

The present publication covers numerical material on the balance of payments and the clearing-accounts balance.

The balance of payments data presented in Tables 1 and 2 are a continuation of data published in BANK I KREDYT No 7, August 82 and cover numerical material for 3-month and 6-month periods of the last 3 years (1980-1982). The data on the clearing-accounts balance have been presented in the structure used by the International Monetary Fund and cover numerical material for the years 1979-1981.

The first publication of this scope in the columns of the monthly BANK I KREDYT No 10, November 81 was limited to a more artificial concept of transactions, whereas the present numerical material provides a broader scope of information, primarily in the section on capital balance.

The commentary given below contains explanations of particular component items of the balance.

Goods--cover two transaction categories: export and import f.o.b. and the remaining goods turnover, including import of nonmonetary gold (for industrial purposes) and nonpayable goods turnover, consisting of postal parcels and gifts in kind, both private as well as those made to charitable institutions, social organizations, and governmental gifts.

Transport and insurance of goods--covers: freight cleared by the shipper, freight counted on the goods invoice in c.i.f. export and import, freight cleared in a dispatch account, and insurance of goods. This item includes freight from all transport media, that is, sea, rail, plane, bus, river, and pipeline.

Other transport services--cover: harbor and canal charges, reloading and storage, supply of ships and planes with bunkers and other goods, passenger transport, airport services, lease of railroad cars, road maintenance taxes and fuel purchases for automobiles, and work force expenses.

Foreign travel--aside from currency exchange by foreigners visiting Poland and Poles traveling abroad, covers clearing of tourist accounts in zlotys with CEMA member countries as well as currency free tourist exchange.

Costs of foreign credits--on the income side, covers costs of credits granted by Poland, and on the expenditure side, covers costs of credits received by Poland.

Other services--cover all other types of services, including mainly: commissions, professional services, displays and fairs, copyrights, technical management of Polish export, and costs of closing export contracts.

Permittances in the clearing accounts balance cover, aside from monetary remittances, governmental financial aid and, moreover, gifts in kind.

Received longterm and medium term credits cover not only credits filed in foreign credit accounts in the Bank of Commerce in Warsaw SA [BH], but also commercial credits drawn by the Foreign Trade Enterprise [PHZ] without guarantees in the BH, and, moreover, repayments in zlotys to the U.S. Embassy (PL-480).

Granted longterm and medium term credits--cover, aside from credits registered in BH accounts, commercial credits granted by the PHZ to foreign contracting parties, such as the credit export of ships with mortgage protection.

Received short-term credits cover, aside from credits filed by the BH, changes in the status of advances received for future export and credits in open accounts of service enterprises.

Granted short-term --cover, aside from credits registered with the BH, changes in the status of advances granted to foreign contracting parties for import and credits granted in enterprises' open accounts.

Changes in the status of Polish accounts in CEMA--cover CEMA clearing-accounts credit and changes in the status of clearing accounts in the currency of the socialist countries.

Changes in the status of other accounts--cover changes in the status of bank accounts as well as of Polish enterprises in foreign banks, and, moreover, changes in the status of Polish money in foreign banks in the CEMA member countries.

Financial operations--cover: arbitration operations, cross entries of turn-overs from previous years, exchange rate differences, and changes in the status of currency accounts of natural and legal persons (foreign exchange natives).

Table 3

a) BILANS ROZRACHUNKOWY PRL
wg schematu MFW

Key:

a) Clearing Accounts Balance of the
Polish People's Republic according
to the IMF Schemeb) in millions of foreign exchange
zlotys

c) Titles

A. Current Accounts Balance

1. Goods

1.1. Export f.o.b.

1.2. Import f.o.b.

Balance

1.3. Remaining goods
turnover

2. Services--income

2.1. Transport and in-
surance of goods2.2. Other transport
services

2.3. Foreign travel

2.4. Costs of foreign
credits

2.5. Other services

3. Services--expenditures

3.1. same as 2.1.

3.2. same as 2.2.

3.3. same as 2.3.

3.4. same as 2.4.

3.5. same as 2.5.

4. Remittances--income

4.1. Private

4.2. Official

5. Remittances--expenditures

5.1. Private

5.2. Official

B. Longterm capital

6. Obtained longterm and
medium term credits

6.1. Use

6.2. Repayments

7. Granted longterm and
medium term credits

7.1. Repayments

7.2. Use

8. Other (property turn-
overs)

b) w mln zł dewizowych

c) Tytuły

A OBROTOWY BIEŻĄCY

	1979	1980	1981
1 Towary	-7 600	-6 576	-9 670
1.1 Eksport fob	47 356	51 489	44 227
1.2 Import fob	54 953	57 893	54 746
Saldo	-7 600	-6 404	-9 519
1.3 Pozostałe obrotowe towarowe	-151	-172	-1159
1.4 Usługi -- przewoźne	6 183	7 399	6 678
2 Usługi			
2.1 Transport, ubezpieczenie towarowe	7 044	7 315	7 549
2.2 Pozostałe transportowe	1 047	1 112	1 329
2.3 Prace naprawcze	607	641	790
2.4 Koszty świadczeń naprawczych	241	447	500
2.5 Pozostałe usługi	1 624	1 664	1 736
3 Prace -- przewoźne	11 584	14 439	14 475
3.1 Transport, ubezpieczenie towarowe	1 260	1 334	1 064
3.2 Pozostałe transportowe	2 212	2 474	3 020
3.3 Prace naprawcze	1 102	1 089	1 970
3.4 Koszty świadczeń naprawczych	5 902	7 630	7 992
3.5 Pozostałe usługi	1 308	1 504	1 509
4 Prace -- pozostałe	2 971	3 897	5 653
4.1 Prace	2 947	3 403	3 739
4.2 Wypłaty	24	495	1 894
5 Prace -- pozostałe	613	1 158	2 185
5.1 Prace	610	1 150	2 180
5.2 Wypłaty	3	-	5
B KAPITAŁ DŁUGOTERMINOWY	-11 144	-8 826	-4 904
6 Kredyty i pożyczki długoterminowe	11 421	-8 855	-8 076
6.1 W obrotowości	26 045	27 042	19 049
6.2 Spłaty	15 064	18 897	11 573
7 Kredyty i pożyczki długoterminowe	122	-807	-1 140
7.1 Spłaty	692	600	504
7.2 W obrotowości	1 121	1 007	1 726
8 Pozostałe (z tytułu rozliczeń)	67	-20	-40
C KAPITAŁ KRÓTKOTERMINOWY	2 170	-3 269	-1 153
9 Kredyty i pożyczki	-1 445	-1 676	-3 100
10 Kredyty i pożyczki	-246	-137	-1 097
11 Zmiana stanu rezerwy w M.F.A.	-50	530	-942
12 Zmiana stanu kredytów i pożyczek	-50	-112	-251
13 Zmiana stanu pozostałych rezerw	-811	-1 630	-187
D OPERACJE FINANSOWE	2 257	-960	-1 811
RAZEM od A do D	-572	-1 065	-6 303
E KREDYTY FINANSOWE	-	-	-1 976
RAZEM od A do E	-572	-1 065	-8 279
F Zmiana STANU REZERW	-572	-1 065	-8 279

- C. Short-term capital
 - 9. Received credits
 - 10. Granted credits
 - 11. Changes in account status in CEMA
 - 12. Changes in the status of technical credits
 - 13. Changes in the status of other accounts
- D. Financial operations
 - A. to D. combined
- E. Refinanced credits
 - A. To E. combined
- F. Changes in the status of reserves

Balance of Payments for 1983

Warsaw MONITOR POLSKI in Polish No 33, 31 Dec 82 Item 288 pp 385-386

[Unattributed article: "Resolution of the Sejm of the Polish People's Republic of 29 December 1982 on the Matter of the Balance of Payments for 1983"]

[Text] Paragraph 1: A balance of payments is resolved for 1983

- 1) in the socialist countries' currency market (payments zone I) constituting supplement No 1;
- 2) in the capitalist countries' currency market (payments zone II) constituting supplement No 2.

a) BILANS PŁATNICZY NA 1983 R. W OBRĘBIE WALUTOWYM KRAJÓW SOCJALISTYCZNYCH

b) (i obrotów płatniczych)

c) 2 kw.

	e) 1983 r. wybawienie	d) 1983 r. przebieganie wybawienia	e) 1983 r. pła	Przebieganie f) (1983 p. w 1983
1. Wpływy i odpisy transferów i kredytów	109.518	115.200	115.200	109,2
2. Przekazy transferów	494.629	476.000	527.200	112,9
3. Saldo bilansu handlowego	-105.517	-81.200	-81.200	
4. Saldo obrotów usługowych i pozostałe pozostałości	+18.200	+15.200	+1.000	
5. Saldo obrotów finansowych (w obrotach)	-550	+1.000	+1.700	
6. Saldo obrotów kredytów	-1.700	-1.000	-1.000	
7. Saldo obrotów pożyczek i pozostałości	-14.200	+1.000	+1.700	
8. Saldo obrotów obrotów finansowych	-	-1.700	-1.700	
9. Wzrost i zmniejszenie kredytów finansowych	+41.900	+14.700	+41.900	
10. Wzrost i zmniejszenie kredytów finansowych (Saldo Wpływy i odpisy transferów i kredytów)	+41.900	-14.700	-	

Saldo bilansu w ostatnim dniu

- obrotów i obrotów finansowych

- obrotów finansowych

- saldo

Przebieganie obrotów w ostatnim dniu (w ostatnim dniu)

Saldo bilansu w ostatnim dniu	Przebieganie obrotów	Przebieganie obrotów
10.12.1983 r.	na 10.12.1983 r.	na 10.12.1983 r.
130,9	170	20
81,6	42	50
212,5	212	70

[Key on next page]

Key:

- a) Balance of Payments for 1983 in the Socialist Countries' Currency Market
- b) Payments zone I
- c) Accomplishment, 1981
- d) Anticipated accomplishments, 1982
- e) Plan for 1983
- f) 1983 growth rate
- g) In millions of zlotys

- 1. Revenues from the export of goods and construction
- 2. Import liabilities
- 3. Balance of trade
- 4. Balance of service turnovers and monetary remittances
- 5. Balance of granted credits (in export)
- 6. Balance of credit costs
- 7. Balance of property turnovers and other turnovers
- 8. Repayments of received bilateral credits
- 9. Use of bilateral credits
- 10. Use of MBWG credits (balance)

- h) Indebtedness in billions of zlotys
 - medium-term and long-term
 - short-term
 - total
- i) Calculated based on exchange rate of 68 zlotys to 1 convertible ruble
- j) Status on
- k) Envisaged status
- l) Planned status for

Załącznik nr 3 do uchwały Sejmu
Polskiej Rzeczypospolitej - Ludowej z
dnia 29 grudnia 1982 r. (poz. 288)

a)

b) BILANS PŁATNICZY NA 1983 R. W OBSZARZE WALUTOWYM KRAJÓW KAPITALISTYCZNYCH

c) (II obszarze płatniczym)

d) w mln zł

	e) 1981 r. wykonanie ^{o)}	f) 1982 r. przewidywane wykonanie ^{o)}	g) 1983 r. plan ^{o)}	Dynamika h) 1983 p.w. 1982
1. Wpływy z eksportu towarów i budownictwa	438.560	411.600	470.400	114,3
2. Płatności importowe	698.640	369.600	411.000	111,3
3. Saldo bilansu handlowego	-60.080	+42.000	+58.300	
4. Saldo obrotów usługowych i przekazów pieniężnych	+37.700	+30.110	+24.560	
5. Saldo kredytów udzielonych (w eksporcie) łącznie z odsetkami	-20.080	+7.980	+4.960	
6. Saldo obrotów majątkowych i pozostałych	+9.020	-12.890	+80	
7. Saldo kredytów krótkoterminowych otrzymanych (+ wzrost; - spadek)	-67.280	-8.400	-	
8. Kredyty otrzymane średnio- i długoterminowo	+394.400	117.600	67.200	
Razem 3-8	+293.760	176.400	159.600	
9. Spłaty kredytów i odsetek	-293.760	-176.400	-159.600	

j) Stan na 31.12.1981 r.

k) Stan przewidywany na 31.12.1982 r.

l) Stan planowany na 31.12.1983 r.

Zafluksie w mld złotych i)

- średnio- i długoterminowe

- krótkoterminowe

Razem

o) 1981 r. - według kursu 80 zł za 100 USA m)

oo) 1982 i 1983 r. - według kursu 84 zł za 100 USA n)

1.945	2.030	-
97	-	-
2.043	2.115	2.370

Key:

- a) Supplement No 2 to the resolution of Sejm of the PRL of 29 Dec 82 (Item 288)
- b) Balance of payment for 1983 in capitalist countries' currency market
- c) Payments zone II
- d) In millions of zlotys
- e) Accomplishments, 1981*
- f) Anticipated accomplishments, 1982**
- g) Plan for 1983
- h) Growth rate

- 1. Revenues from the export of goods and construction
- 2. Import liabilities
- 3. Balance of trade
- 4. Balance of service turnovers and monetary remittances
- 5. Balance of granted credits (in export) together with interest
- 6. Balance of credit costs
- 7. Balance of received short-term credits (+ increase; - decrease)
- 8. Received medium-term and long-term credits. Total 3-8
- 9. Repayments of credit and interest

- i) Indebtedness in billions of zlotys
 - medium and long-term
 - short-term
 - total
- j) Status on
- k) Envisaged status
- l) Planned status for
- m) Socialist countries' currency market
- n) Capitalist countries' currency market

Paragraph 2. The maximum amount of indebtedness for the end of 1983 is established.

1) in the socialist countries' currency market (payments zone I) in the amount of 320 billion zlotys;

2) in the capitalist countries' currency market (payments zone II) in the amount of 2,370 billion zlotys.

Paragraph 3. The Council of Ministers is empowered to make an appropriate increase in the amount of the allowable indebtedness for the end of 1983 in the socialist countries' currency market (payments zone I) in the event of expansion of the scope of collaboration with the socialist countries beyond the assumptions adopted during the drawing up of the balance of payments and the acquisition of additional credits in connection with it.

Paragraph 4. In the event of a change after 30 November 1982 in the foreign currency exchange rate in zlotys in relation to the rate adopted as the base during the drawing up of the balance of payments, the Minister of Finance is empowered to make appropriate recalculations of turnovers of the balance of payments and level of indebtedness.

Sejm Marshall, S. Guewa

Supplement No 1 to the Resolution of the Sejm of the PRL of 29 Dec 1982 (item 288)

8729

CSO: 2600/532

IMPACT OF PROJECTED TAX CHANGES ON FARMERS DISCUSSED

General Evaluation

Warsaw ZYCIE GOSPODARCZE in Polish No 21, 23 May 83 pp 1, 5

[Article by Michal Machlejd]

[Text] The new tax increases are eliciting much discussion in the agricultural sector. The farmers fear that the increases will place a great financial burden upon their farms. Currently, every hectare farmed is subject to a tax of 721 zlotys (land tax, FRR [Agricultural Development Fund], or gmina fund). This is not a large sum, therefore the tax increase should not elicit serious controversy. Recently, however, as a result of increased payments, PZU [State Insurance Bureau] premiums as well as farmers' pension fund benefits have increased. PZU premiums as well as partial FRR premiums revert back to the farmer in the form of payments for damages or pensions. The farmer, however, being a producer treats them as a typical financial burden.

The initiators of the new taxation system find themselves between a rock and a hard place. On the one hand, there are the opinions of the farmers, and on the other the frequent comments on their increasing wealth in relation to the deepening stratification of revenues in the agricultural sector. Also expressed are opinions which concern the need for equal distribution of the weight of the crisis upon all socioprofessional groups, guaranteeing adequate agricultural participation in the financing of state expenditures for education, culture, and the social goals of the rural community.

Taxation Opportunities

The lack of conviction as to an effective way in which the tax can carry out its various functions is the cause of much doubt and misunderstanding. This can be expressed through the following questions: can the agricultural tax stimulate those processes known to be socially beneficial? Can it guarantee all the financial means which would allow for the balancing of current government expenditures, insofar as the rural residents are concerned? How can we reconcile the need for the strengthening of motivational tools with their consequences, by continued intensification of agricultural income stratification?

irrespective of what the responses to these questions would be, it is necessary to realize that the tax cannot serve as a panacea for all complaints in the farm sector, nor as the means for stimulating production, limiting the range of profits, and placing the treasury in a good frame of mind. Instead, it is only one of the economic tools which must not impede production, nor interfere with the developmental processes and goals of the village and the agricultural sector.

In discussions, farmers often bring up the topic of the negative influence of the tax system. The fact is, however, that in the 1950's the implementation of a progressive land tax caused the breakup of large farms into smaller units. Consequently, the nonprogressive tax should at least serve as one of the stimuli which will bring about an improvement in the size of the farms.

It is essential to distribute the consequences of the economic situation equally among all socioprofessional groups. In practice this means, among other things, an equitable distribution of the national income from the point of view of the fiscal balancing of revenues and expenditures. Yet the reason for the tax system reform is not only for the purpose of increasing revenues, although this is inevitable, but above all to restore the tax impact upon agriculture, provide distinct treatment of farmers based on their resourcefulness, production efficiency, and the level of utilization of production potential. The current tax burden cannot fulfill these functions.

The tax which functions as an economic tool and stimulates the transformation of agriculture, must demonstrate motivational stimuli, and at the same time limit the regulation of agricultural revenues. This is in accordance with the principle that the farmer is better able to utilize his production potential, is more resourceful, and should possess a larger income. The taxation system together with procurement prices, and the system of agricultural credits must provide each farmer with equal opportunities for profit earning. This means that it is not the actual "geography" of net agricultural production, but the potential opportunities for its production which determine the basis for the establishment of a new taxation system.

The initial intention involved the development of a compound taxation system consisting of a linear and income-based land tax, regardless of the type of agricultural production. This initial project was adopted in the course of discussions. This was determined by purely practical and psychological circumstances. The inclusion of a rather large group of typical agricultural producers, by the income tax, would reflect negatively on the production decisions of a significantly large circle of farmers. Almost every farmer would reflect upon why he should produce more if a substantial portion of the increased revenues would be taxed (in view of the progressive income tax).

The income tax would be justifiable if it were to actually tax earned income. The best method for verifying revenues is represented by revenue and expenditure records. In practice, however, in trade as well as in specialized agricultural production, income is currently standardized for taxation as

well as for equalization purposes. That is not so bad, if we are concerned with like production, for example, flower production. But on a typical farm, which naturally is much more diversified, the standardization of revenues is not so simple a matter. Instead actual classification of revenues based upon purchases and sales is almost impossible considering the situation.

The second question concerns the determination of the amount not subject to taxation. Is it the farm or the farm laborer? Who is to be recognized as being fully employed on the farm?

I would not, however, like to create the impression that problems of a technical nature consisted the reason why typical agricultural production was not covered by the income tax. In practice it happens that even the most valid concepts do not function due to the realities of life. It is these realities which are responsible for the rejection of the progressive income tax for the typical farms.

A New System

A proposal has been put forth that agriculture be covered by a separate tax system. Its primary and most important element would be a land tax, of a fundamentally different character than the present one. This will be a universal nonprogressive land tax, identically encompassing the private farms as well as the socialized ones in its activities. Each hectare of land will be taxed equally irrespective of type of farm. Of course, one hectare is not equal to another.

The differences in climatic conditions, types of soil, the level of organization, and industrialization, the infrastructure level, as well as the position within the limits of agglomeration, will be included in the so-called conversion coefficients, which in the final analysis will determine the taxation base, specifically the number of conversion hectares of farmland. Arable land belonging to the farm is subject to the conversion coefficient*

The above mentioned conversion coefficients take into consideration all factors which influence production increases and revenues. They do not knowingly take into consideration the differences in economic results which are based upon the level of agriculture, and producer efficiency. There is no justification for punishing the farmer who produces more from his hectare of land than another, by a higher tax assessment.

The product base or the standard of taxation determines the level of taxation. A proposal has been made that the taxation of one conversion hectare be based on 2.5 quintals of rye, calculated in terms of purchase costs. I would like to be the one to explain why it is 2.5 quintals and not more or less. This does not mean, of course, that these 2.5 quintals were chosen

*The country has been divided into tax districts encompassing individual gmina. There would be five districts. The particulars were given by RZECZPOSPOLITA, No 110, 17 May 83.

randomly. It has been acknowledged that the tax should not exceed 10 percent of the value of the gross output. The 2.5 quintals standard signifies that the level will be approximately 8 percent of the gross (without reduction) agricultural output.

The land tax will represent the sole form of taxation of the average farms, as well as those which are involved in specialized agriculture. Since the income of the specialized agricultural sector is significantly higher than that of the typical farms--the taxation of each hectare in these cases will correspond to specific production equivalent to the 2.5 quintals of rye standards. Apart from fruit, vegetable, seed, and other production, the implemented product reflects comparably upon the specific proportion of taxation based upon gross agricultural output, insofar as typical agricultural production is concerned.

The reason for expressing the standard of taxation in quintals of rye represents the desire to include within the tax a mechanism which measures the current level of value. As a result of this, variable price conditions will not depreciate its value.

This mechanism may evoke the hope among farmers, that a suitable price policy can increase the tax by raising rye prices. Theoretically the danger exists that two can play at this game. The artificial manipulation of rye prices can quickly lead to a collapse in the grain--livestock structure, and result in decreased livestock production, especially decreased hog production.

Another danger is that an increase in the cost of the means of production by equivalent compensation through purchase prices, and in accordance with the principle of "advancing prices," represents a financial operation which maintains the value of net production on the same level, and simultaneously decreases the relative profits of the farmers, because of the increased tax burden. This mechanism should convince the farmers that one of the sensible ways for increasing revenues consists of increased output efficiency, and by not exerting pressure for the increase in procurement prices. This is then an antiinflationary solution. On the other hand, it will not allow for the total fulfillment of the "advancing prices" principle, which intends to compensate for the increased means of production prices by increasing purchasing prices.

Another novel aspect of the tax system concerns the linking together of the hitherto existing tax components. Currently, the farmer pays a two part land tax, of which one portion provides the local revenues, whereas the second (Agricultural Development Fund) has long been for the use of the residents. Besides the land tax, farmers are establishing a gmina fund which also has an unappropriated budget character. It is at the disposal of the Rural Commune People's Council.

Since the farmers generally believe that all the above charges represent the taxation system, the new system combines them with the assumption that 25 percent of overall revenues will be allocated for the unappropriated gmina fund. I believe that the farmers themselves should indicate whether or not

they want this fund to belong partially to the village and partially to the *grains*, or whether it should belong exclusively to the GRN [Rural Commune People's Council]. This is significant insofar as the second proposal signals the liquidation of the FKR.

Tax Reductions

The tax reduction system represents an integral part of the land tax. Inasmuch as the structure of the land tax itself did not arouse reservations the tax reduction system has from the very beginning been a topic of controversy among the tax system initiators.

The linear, nonprogressive land tax structure will influence the establishment of larger farms, whereby each additional hectare will be assessed equally. A farm with higher yield than the average will be assessed at a lower rate than the ones which produce at below average levels. In addition, priorities for farms will be established which will fully utilize the production potential, and the tax's motivational activity will be based upon this indirectly through increased production.

The proposed investment reductions will exert similar indirect activity upon increased production. The farmer who increases his production potential by building or modernizing his storage facilities will obtain a tax reduction.

The temporary exemption from taxation of land obtained for the enlargement of the farm, or with the objective of establishing a new farm, will bring about an immediate improvement in the size structure of individual land holdings. On the other hand, tax reduction for mountainous or submontane terrain, and for disasters or other calamities, is of a totally different character. It's role brings about a decrease in the tax burden. The use of reductions for calamities and extraordinary disasters has economic as well as humanitarian reasons. It is difficult to assess a farm where production has been interrupted or limited due to flooding.

Entirely different motives were involved in the tax reduction proposals in the mountainous areas. Under the preset system, they are being accomplished, and under the new one they will also take the dissimilar agricultural-ecological conditions into consideration.

I understand these intentions, yet I am doubtful whether the implementation of tax reductions of between 50 to 75 percent depending upon the type of land will not convert the tax into a symbolic payment, which will never be conducive to the full utilization of the land. This may appear strange, considering the predicted general tax increase. This is because the most recent IUNG [Institute of Cultivation, Fertilization, and Soil Science] studies in Pulawy were utilized for the needs of the new tax system, and from these studies it appears that the currently used soil quality conversion indicators by overestimating the lower grade soil simultaneously lowered the production capabilities of higher yield soils. Whereas the numerical range of these indicators was 0.5 for class IV soil to 1.8 for class I soil, it has currently been increased. In district 5 which includes a large

portion of the mountainous terrain, the index fluctuates from 1.4 to 0.15, which signifies that the tax rate per hectare of land based upon soil class will be equal to anywhere from 38 kg to 350 kg of the value of rye.

Tax reductions of up to 75 percent for class IV to class VI soil (normally poorer soils appear in mountainous and submontane regions) will decrease the tax even more. A hectare of class IV arable soil will be assessed at 138 zlotys, while pastures and meadows will be assessed correspondingly less at 91 zlotys, while pastures and meadows will be assessed correspondingly less at 91 zlotys (compared with the current rye price of 1,440 zlotys per quintal). For comparison purposes, I will note that one hectare of arable class I land in district I will be assessed at 7,424 zlotys. Thus my doubts concerning the basis for the implementation of reductions for the mountainous and submontane terrain, since new conversion coefficients of soil quality, developed by the IUNG and IERIGZ have further differentiated the specific agricultural-economic districts, and have taken into consideration the more difficult farming conditions in these regions.

During the course of work upon the new tax system, the possibility for implementing a mechanism for encouraging farmers to sell their products at the socialized purchasing centers, was analyzed frequently. Proposals were considered whereby production reductions would be implemented for the sale of products of value above the established base. However, such a possibility is not foreseeable in the proposed system because of the following negative factors:

--in itself this reduction would not serve as incentive for increased production, it may aid in curtailing sales on the free market, but one must remember that the larger part of these sales represents trade among farmers. Its curtailment will not necessarily indicate an increase in the flow of food to the metropolitan areas;

--it would not serve as incentive for increased purchases, but would instead slow down sales;

--it could function to curtail self-sufficiency, and at the same time cause the farmers to demand better supplies of basic food items in the rural stores;

--together with the linear structure of the land tax which favors larger farms, and thus economically stronger ones, tax reduction would serve as a tool for additional rural income stratification.

The opportunities for the achievement of extremely high production per hectare do not come about solely from the amount of production harvested, but rather as a result of the pricing system which must take the level of expenditures incurred into consideration. Thus production reductions would favor farms carrying out very profitable production, and certainly not grain production.

The above cited arguments and facts which note that production tax reductions could be the cause of various abuses, are sufficient so as to warrant opposition to them.

Specialized Sectors

The progressive income tax represents the second element of the new agricultural tax system, and encompasses only those farms involved in production exempt from climatic and soil conditions, with large capital investments, and use of hired labor, and essentially those farms which can earn very high profits. It has been proposed that certain types of specialized production being carried out "indoors" such as mushroom-growing cellars, greenhouses, tunnels, poultry farms, and fur-bearing animal breeding be taxed.

Currently, so-called specialized production is covered under a compensatory tax. The structure of the compensatory tax is adapted to the taxation of the incomes of individuals employed in the socialized sector, or working in the so-called "free enterprises." The specialized agricultural sectors are covered under this tax, although the form of ownership, and production specification, especially that of "indoor production" demands a comparison with the trade industries. Since such a comparison is difficult to make in production which is dependent upon climatic and soil conditions, it has been proposed, as I mentioned earlier, that the tax be exclusively in the form of a land tax, but with the implementation of a product norm of 2.5 quintals of rye. While flower and vegetable production in greenhouses, or tunnels, mushroom-growing cellars, poultry farms, and fur-bearing animal breeding will continue to be assessed under the progressive tax rate, whose structure is based directly upon the income level.

An additional argument for this differentiation in the taxation of specialized production sectors is the disparity between the risks involved in the growth of vegetables in greenhouses or in the field. Certainly, doubts will be expressed here as to why the proposed system divides farmers into three categories of producers. As we have:

--a linear land tax for farms involved in typical agricultural production, and based upon a standard equal to 2.5 quintals of rye;

--a linear land tax for farms engaged in specialized agricultural output, and based upon the product standard of 2.5 quintals;

--a progressive tax for farms engaged in some specialized production.

After all each of the mentioned farmers can earn equal revenues, which will be assessed differently. Obviously, this is possible, although with great variance insofar as quantity of production is concerned. Simply, one must have different production potential to earn one million zlotys from milk, livestock, grain, potato production, different potential in fruit growing, and yet other in flower production. Anyway it so happens that we first think about the pork chop, later the tasty apple, and only lastly about the "flowers for Eva." This statement expresses perhaps a philosophy which serves as a guiding principle for the authors of the new agricultural taxation system.

Since When?

The method and time of implementation of the tax is an extremely significant issue, which is linked with the agricultural tax reform. The scope of its foreseeable consequences will be significant, and comes about as I have stated earlier, among other things from the current tax assessment level.

The dimensions of the changes indicate the necessity for the distribution of the tax reform into at least three stages, beginning initially in January 1984. This will depend upon the implementation of the new tax principles during the first stage, and based upon a tax assessment level of 1.5 quintals of rye in order to achieve the ultimate objective of 2.5 quintals in the subsequent and final stage. Naturally these represent global consequences. The tax burden of the smaller land holdings will increase in a different manner from that of the large ones. Relatively speaking, the larger farms are currently noting a smaller tax burden.

The linkage of increased agricultural taxes with the principle of income parity of agricultural and nonagricultural workers represents an entirely separate matter. However, the automatic increase in purchasing prices under the new tax system will represent a tax increase, unless the price of rye remains unchanged. This would also represent an automatic inflationary spiral. The best method of tax increase recompensation for both us and the farmers would be the rise in new output, stemming from economic improvement. It is untrue that tax reform, in spite of what is expected, will create a production decrease. It is true, however, that regardless of whether or not the farmer produces, he will still have to pay the same tax. Therefore, it is better to produce.

Opinions of Local Farmers

Opole TRYBUNA OPOLSKA in Polish 24 May 83 pp 1, 2

[Article by Urszula Nosal]

[Text] The announced proposals concerning the changes in agricultural taxation prompted many comments in the agricultural sector. The proposed model did not meet with the approval of the farmers. Quite the opposite, those interviewed are extremely critical.

Why is this so, why does this proposal evoke such controversy?

Here are the comments of several farmers?

Tadeusz Sewruk, a farmer from the Olaszanka Gmina: "I agree that up until now, the agricultural tax was too low and it was time to raise it. Yet why with this goal in mind isn't one criterion adhered to, specifically what constitutes a conversion hectare, and why are additional factors being included? This is a perplexing matter and it arouses opposition. I am thinking about those climate dependent regions which constitute an additional

hardship upon the farming sector. After all, a class I hectare of land in Opole, insofar as potential is concerned, is equal to a class I hectare in the other provinces. Why is it then that we should pay more? Is it to punish those who produce more? If so, then it will be difficult to expect motivation for future output efficiency. If we produce more, then this increased production is primarily due to our economic traditions, better work organization, and higher productivity. It thus appears that we should now work less. I do not need to explain what this will lead to."

Jozef Smierciak, from the Lubsza Gmina: "In justification of the tax changes, it is said that all citizens should bear the burden of assisting the nation out of the crisis. But did the rural sector really contribute that much to the collapse of our economy? Not likely. Meanwhile, once again the farmer is suffering the greatest hardship.

"It is fitting that the basic criterion in the level of taxation is the class of soil. Yet, according to the proposal assumptions, the quality has improved greatly. If up to this time one hectare of class I soil was equal to 1.8 conversion hectares, it is now equal to 2.05 hectares. In my opinion this differentiation should be eliminated, and the former ratios should be restored.

"Much thought is also evoked by the fact that the proposed tax for farmers is guaranteed in grain not money. Are we really threatened with continued inflation? Anyway how much longer will the economic fluctuation which is unpropitious for production development continue?"

Kazimierz Grzesik, from the Zebowice Gmina: "The proposal assumes that the tax will total 10 percent of revenues, and that it treats workers employed in state enterprises and farmers equally, and that the 2.5 quintals of rye per conversion hectare will constitute the 10 percent tax. Yet the blue-collar as well as the white-collar workers does not build his factory, nor does he provide his own tools. Meanwhile, the farmer has to provide everything on his own. Therefore, I believe that insofar as the agricultural sector is concerned the tax rate ought to be decreased to 7 percent."

Tadeusz Walczak, from the Korfantow Gmina: "The purpose of the tax should be to stimulate production, unfortunately this proposal is of a purely fiscal nature. It is only concerned with extracting as much as possible from the farmer without consideration for the rapidly growing production costs. In my opinion, the proposed agricultural tax changes should be considered within the context of new purchasing prices for agricultural products, as well as the cost of the means of production. Unfortunately these elements constitute an unknown, and consequently there is nothing to discuss."

Jozef Krawczyk, from the Pokoj Gmina: "I believe that the tax proposal was not developed by experts. Had this been so, they would have considered whether or not the new system would create an exodus from the farms. For if the proposals are implemented, only the wealthiest farmers will survive. Those who are just starting out will achieve nothing, and it would be better that

they stay away from agriculture. Since taxes cannot be considered in isolation from production costs not other expenditures. It so happens that these costs have risen recently. This is linked together with the arbitrary prices for the means of production, increasing PZU and retirement premiums. To this must be added a higher price for land and a new standard for milk purchases. The farmer is already being hit in the pocketbook from several sides. The proposed tax changes should take the above mentioned conditions into consideration."

Conferences on Projected Changes

Warsaw TRYBUNA LUDU in Polish 30 May 83 p5

[Text] A two day farmers conference which was dedicated to the tax reform program and the proposed changes in grain and livestock prices ended in Warsaw on 28 May.

What should the taxes be? For a short statement on this topic, we asked one of the participants, Jan Cieliczek, 32, a private farmer with 25 hectares and from the Sawosz Gmina. He stated that:

"We have studied the agricultural tax proposals within the circle of young farmers. We agree with the majority of the proposed changes. We do have many comments, however. The proposal authors suggest the accumulation concept as inclusive of the three existing taxes, which is fine. Yet the proposal for the Rural Commune People's Council to assess each farmer an additional 50 kg grain would inevitably hurt the small farmer. From our discussion it is evident that the ultimate taxation limit should equal 2 quintals rye and not the 2.5 quintals proposed.

"The next matter concerns the price of grain. Agreement could be reached in view of the fact that consideration should be given insofar as the higher PZU premiums, the increased ZUS [Social Security Agency] premiums, fuel prices, and SKR [Agricultural Cooperative Circles] services are concerned. In time these factors constitute an additional burden upon the farmer.

"The proposed grain mixture prices, which in our opinion should represent the average of both barley and oats prices, also demand consideration. One ton of barley will cost 1,800 zlotys, oats at 1,750 zlotys, whereas a ton of a good quality mixture of the two grains will cost only 1,400 zlotys. This is incomprehensible for us; in my opinion the price should be higher."

A Meeting in Belzyce

The new agricultural taxation system is a topic of discussion in the rural sector. The new tax proposals were discussed during a farmers' meeting at Belzyce in Lublin Province.

At this meeting, it was determined that the guarantee of the nation's self-sufficiency in foodstuffs is currently one of the most significant tasks at hand, with the fundamental condition being that the profitability of agricultural production in all sectors be guaranteed. In their discussion, the farmers stressed that the new tax proposals contain clear and simple ways of measuring this, this includes private farmers and those in the socialized sector equally. In approving the principles covering the size of the proposed tax, many farmers postulated a decrease in the ultimate taxation level, and later implementation of the tax. There was anxiety that the proposed progressive tax might halt production in certain agricultural sectors.

Stanislaw Nieckarz, minister of finance, his undersecretary of state, Kazimierz Olesiak, and the deputy minister of agriculture and food economy, Jozef Koziol, participated in the meeting. They responded to many questions concerning the new tax proposals, as well as those dealing with the nation's agricultural and fiscal policy.

12229

CSO: 2600/943

IMPACT OF NEW SECRECY LAWS ON FREEDOM OF INFORMATION IN SCIENCE, INDUSTRY

Overclassification in Industry

Warsaw PRZEGLAD TECHNICZNY in Polish No 13, 27 Mar 83 p 5

[Commentary by Daniela Baszkiewicz: "No Proliferation of Secrets!"]

[Text] Mr C--the director of a very hardworking, foreign-exchange earning firm which happens to belong to an association of import-export enterprises--received a request, via the office of the association's executive director, asking him to make a statement for the press. He all but weighed his each and every word when he gave this interview, but so as to preserve his reputation for "knowing the score," he sent a copy of the interview text to the executive director's office after it had been passed by the censor. As it soon turned out, Mr C's polite gesture came back to haunt him. As he proceeded to glance through the interview text the executive director began to take it upon himself to censor some of the statements which were made. He was also mad at Mr C over the fact that an advance copy of the text had not been submitted to him before going to the censor for approval. When asked whether he objected to the interview on substantive grounds, the executive director replied that this indeed was not the case. But the mere fact that Mr C gave an interview to a journalist who asked questions which displeased the management is grounds for criticism.

Scene two, shades of the inquisition this time around, takes place in a scientific institute under the jurisdiction of a government ministry where a certain clever docent let himself be interviewed by a journalist on the subject of some of his interesting inventions and problems he was having in this connection. The point is that he let the remark slip out to the effect that the institute's patent agent had not been doing a very thorough job of seeing to it that staff members' inventions are protected abroad, something which, in the docent's opinion, was detrimental to the interests of the institute and the economy as a whole. It seemed at first that this minor complaint voiced by the docent, a complaint which made its way to the director's office in the form of a courtesy advance typewritten copy of the interview text, would serve to call the attention of his superiors to the lackadaisical practices of one of the institute's officials. Things turned out differently because the director went after the docent instead. He complained that fouling one's own nest is simply not done and demanded irrefutable proof to

support the charges made against the patent agent. He didn't care that for the past couple of months the docent had been sending letters to the head office and the patent department urging that provisions should be made to protect the institute's inventions abroad. The patent agent threatened to take the docent to court, and the management was in an uproar. In the heat of all this debate nobody remembered the most important point, i.e., what happens to our inventions. If similar things did not keep recurring so frequently, they could all be simply dismissed as trivial incidents.

But there have been so many times when I have heard the following words: "Why don't you switch off the tape recorder and I'll tell you something interesting." After I switch off the recorder, I am informed about things which constitute not so much official secrets, but rather have to do with plant mismanagement, sloppy management, and various kinds of irregularities. Actually, there is nothing surprising about this sort of cautiousness, since I'll pay a king's ransom to anybody who will explain, let's say, to an executive director, why he should not make his employees obey Mrs Dulska's Law, according to which the disclosure of inhouse shortcomings and slipshod practices is tantamount to washing dirty laundry in public and the violation of rules governing the protection of official and governmental secrets, if not something worse. Unfortunately, the enforcement of this law is what lies behind the actions of many executive officers at various levels. Even now I shudder to think what might happen if the otherwise entirely necessary and just recently passed law on the protection of official and governmental secrets were to be backed up by rather imprecisely worded enforcement legislation. Some minor loophole in this legislation, some implied provision--we're only human after all--might trigger a full-scale avalanche of nonsense and block off information sharing channels which have to be kept open.

If the enforcement legislation passed in support of this new law does not contain precisely worded provisions and fails to identify down to the proverbial last millimeter what constitutes and what does not constitute an official secret in a given sector of the economy, then this in effect will mean that all bosses will feel they have the right to rake over the coals any subordinate on charges of having engaged in harmful gabbing. Who is going to want to open his mouth to the press if even the most valid criticism might wind up being interpreted as an activity inconsistent with the national interest or even--perish the thought--sabotage? Examples from the recent past attest to the rather brutal manner in which superiors have tampered with statements made by their subordinates. Here's hoping that the new law will put a stop to this practice which has served as a convenient smokescreen. It is in the interest of both the government and the public that certain information should be protected, e.g., information about the economy, contracts, and so on, and it is precisely for this reason that this law was passed. Nevertheless, things cannot be permitted to reach the point where any loopholes that might turn up in future enforcement legislation are used as a shelter for those management personnel who only want one thing--peace and quiet.

Overclassified Research Papers

Warsaw PRZEGLAD TECHNICZNY in Polish No 10, 6 Mar 83 p 21

[Unattributed news brief: "'Confidential' Scientific Information"]

[Text] The "Synaba" Specialized System for Information Sharing on Scientific Research and Development Papers operated by CINTe (Scientific, Technical, and Economic Information Center) is dedicated to the collection of information on finished scientific papers (mainly by Polish authors) and its dissemination among institutions and private citizens. However, contrary to these objectives, the "Synaba" catalog is rather fragmentary, since many institutions are not living up to their commitment to relay this information to CINTe, which is in fact supposed to be synonymous with "Synaba." Barely 30 percent of all such papers are on file with "Synaba." In addition, the system is not computerized, and this makes it much harder to use in practice (the system contains information on around 100,000 scientific papers).

In 1982 new problems arose which hindered quick and free access to scientific research papers, problems which this time had nothing to do with "Synaba." Since 1982 there has been a substantial increase in the number of such papers classified by institutions as being "secret" and "confidential" (up to around 25 percent), whereas prior to 1981 the number of such papers so classified accounted for a very negligible percentage of the total output. Moreover, in 1981 papers in the public domain available for use free of charge accounted for around 85 percent of the total output, whereas since 1982 institutes have been demanding fee (even from private parties) for the right to gain access to more than 50 percent of all such papers.

CSG: 2600/1009

DECREE ON RESEARCH, PRODUCTION OF MINING EQUIPMENT

Bucharest BULETINUL OFICIAL in Romanian Part I No 31, 30 Apr 83 pp 1, 4

[Decree of the Council of State No 142]

[Text] Decree of the Council of State regarding measures to improve research, technical engineering, and production activities in the manufacturing of machines, installations, and equipment for the mining industry.

The Council of State of Romania decrees:

Article 1. On 1 May 1983, the Timisoara Industrial Central for Mining Equipment and Hoisting Machinery (CIUMERT), is established in the municipality of Timisoara, Timis County, under the guidance and control of the Ministry of the Machine Construction Industry (MICM), with the objective of research, technical engineering, and production of mining installations, equipment, machinery, and tooling, continuous transportation equipment, speed reducers, in-plant hoisting and transportation machinery, spare parts for manufactured products, technical assistance in assembling and placing in operation equipment, and the exercise of legal functions as general supplier of products manufactured by units of the central.

Article 2. CIUMERT is established by combining the mining equipment research, technical engineering, and production activities of the Ploiesti Industrial Central for Oil and Mining Equipment, and the hoisting machinery research, technical engineering, and production activities of the Bucharest Industrial Central for Power and Metallurgical Equipment, and for Hoisting Machinery.

Article 3. CIUMERT is formed on the structure of the Timisoara Mechanical Enterprise, a unit that is not a legal entity, and operates on the basis of worker self-management and economic-financial self-administration, as a legal entity, being organized according to legal provisions regarding the organization and management of socialist units.

The organizational structure of the central is stipulated in Decree No 162/1973 regarding the establishment of unified structure standards for economic units, with its subsequent modifications.

Article 4. CIUMMRT belongs in the special category of organizations, and has jurisdiction over the units stipulated in appendix 1.

Article 5. The enterprises listed in appendix 2 (which is communicated to interested institutions) coordinate the fabrication of products according to types of specialized machines and equipment for the mining industry, in order to adopt and modernize products and to consistently improve their technical and operational specifications, as well as to provide technical assistance for delivered equipment.

Article 6. The Bucharest Industrial Central for Power and Metallurgical Equipment, and for Hoisting Machinery, which is under the guidance and control of MICM, changes its name to the Bucharest Industrial Central for Power and Metallurgical Equipment, and retains its currently approved level of organization.

Article 7. The Ploiesti Industrial Central for Oil and Mining Equipment, which is under the guidance and control of MICM, changes its name to the Ploiesti Industrial Central for Oil Equipment, has jurisdiction over the units listed in appendix 3, and retains its currently approved level of organization.

The Directorate for Mining Equipment of the Ploiesti Industrial Central for Oil Equipment is dissolved.

Article 8. The Timisoara Mechanical Enterprise and the Lugoj Enterprise for Hoisting and Transportation Equipment, that were under the jurisdiction of the Bucharest Industrial Central for Power and Metallurgical Equipment, are placed under the jurisdiction of CIUMMRT.

Article 9. The Zalau Enterprise for Cast Iron and Steel Industrial Fittings and the Bacau Metallurgical Enterprise, which were under the jurisdiction of the Bucharest Industrial Central for Technical, Chemical, and Refinery Equipment, as well as the Dr. Petru Groza Mechanical Enterprise in the city of Dr. Petru Groza, which was under the jurisdiction of the Bucharest Industrial Central for Power and Metallurgical Equipment, are placed under the jurisdiction of Ploiesti Industrial Central for Oil Equipment, under the guidance and control of MICM.

Article 10. The number of employees for the internal staffs of the industrial centrals that are established or reorganized according to the present decree, is stipulated in appendix 4 (which is communicated to interested institutions).

Article 11. On 1 May 1963, the Timisoara Institute for Scientific Research and Technical Engineering (ICSIT) for Mining Equipment, Hoisting Machinery, and In-Plant Transportation is established in the municipality of Timisoara, Timis County, under the jurisdiction of (CIUMMRT) and as part of the Bucharest Central Institute for Machine Construction, with the objective of conducting research in the fields of mining equipment, hoisting machinery, in-plant

transportation, systems of plant and field transportation, standardization, unification, fabrication and adoption of models and prototypes, monitoring of their behavior and reliability, and coordination of scientific research and technical engineering activities for mining and continuous transportation equipment that is fabricated at the Satu Mare Center for Mining Equipment Scientific Research and Technical Engineering.

The institute is established by combining some activities of the Timisoara Center for Scientific Research and Technical Engineering for Hoisting Machinery and In-Plant Transportation, within the structure of the Bucharest ICSIT for Power Equipment and Hoisting Machinery, under the jurisdiction of the Bucharest Industrial Central for Power and Metallurgical Equipment, which is dissolved, and of the Satu Mare Center for Mining Equipment Scientific Research and Technical Engineering, within the structure of the Ploiesti ICSIT for Oil and Mining Equipment, under the jurisdiction of the Ploiesti Industrial Central for Oil Equipment.

Article 12. The Timisoara ICSIT for Mining Equipment, Hoisting Machinery, and In-Plant Transportation operates on the basis of worker self-management and economic-financial self-administration, as a legal entity, and is organized in accordance with Decree No 297/1973 regarding the establishment of unified structure standards for research and design units.

Article 13. The Bucharest ICSIT for Power Equipment and Hoisting Machinery changes its name to the Bucharest ICSIT for Power Equipment, modifying its activity objectives accordingly.

Article 14. The Ploiesti ICSIT for Oil and Mining Equipment changes its name to the Ploiesti ICSIT for Oil Equipment and Industrial Fittings, modifying its activity objectives accordingly.

Article 15. The Ploiesti ICSIT for Oil Equipment and Industrial Fittings and the Bucharest ICSIT for Power Equipment, as well as their subunits and personnel, retain the size, salary levels, branch groups, levels of organization, and tariff schedules approved by Decree No 552/1978.

Article 16. The Timisoara ICSIT for Mining Equipment, Hoisting Machinery, and In-Plant Transportation belongs to the category of medium-sized institutes and will use salary level II for scientific research and technical engineering personnel with certified advanced education, branch group III for scientific research and technical engineering personnel with uncertified advanced education and without advanced education, as well as for production or economic technical personnel, other specialties, and administration personnel in its production subunits.

Article 17. In the organizational structure of industrial enterprises under the jurisdiction of CIUMMRT, and under the guidance and control of MICM, there will be organized specialized product design departments at the level of collectives, shops, or sections, according to the provisions of Decree No 297/1973 regarding the establishment of unified structure standards for research and design units, or according to Decree No 162/1973 regarding the establishment of unified structure standards for economic units.

The departments organized according to paragraph 1 will take over various activities from the Timisoara Center for Scientific Research and Technical Engineering for Hoisting Machinery and In-Plant Transportation, and from the Satu Mare Center for Mining Equipment Scientific Research and Technical Engineering, and will consist of 500 jobs that will be filled on the basis of protocol from the two centers and from the production technical personnel assigned to industrial enterprises through annual plans.

The subsidiaries in the organizational structure of the Satu Mare Center for Mining Equipment Scientific Research and Technical Engineering, organized within enterprises, are dissolved.

Article 18. The sections and shops for enterprises in the central, organized according to the provisions of Decree No 297/1973 will use salary level II for scientific research and technical engineering personnel with certified advanced education, and branch group III for scientific research and technical engineering personnel with uncertified advanced education and without advanced education.

For the leaders of product design sections or shops, the leadership salary will be the one stipulated by Law No 57/1974 on remuneration according to quantity and quality of work, for research and design units of small size.

Article 19. The activity objectives of product design departments organized in accordance with article 17, are to diversify and modernize products, process the technical documentation necessary for product fabrication, provide technical assistance for manufacturing, formulate internal manufacturing standards, formulate fabrication specifications for products manufactured in enterprises, establish specific consumptions of materials, fuels, and power for products that are the specialties of enterprises, and so on.

Article 20. Personnel with certified advanced education in research-design, which on the basis of the present decree are transferred to the newly established research-design units and to enterprises in which product design activities are organized according to the provisions of Decree No 297/1973, retain their professional level if they continue to perform the same activity.

Article 21. Personnel transferred from research-design units to industrial enterprises will be included in labor productivity calculations beginning in 1984.

Article 22. The functions stipulated in appendix 5 (which is communicated to interested institutions) for CIUMERT and the Timisoara Mechanical Enterprise, are remunerated according to the provisions of the same appendix.

Article 23. CIUMERT is provided with one automobile for the transportation of personnel in the exercise of their functions, changing accordingly for MICM, appendix 1 of Decree No 277/1979.

Article 24. Assets and liabilities established by the balance sheets of 30 April 1983, together with economic and financial plan indicators and with contracts signed for units and activities, are transferred from the units that are reorganized or dissolved, to units that are being established and to industrial enterprises, according to the present decree and on the basis of protocol.

Workers which are transferred to units that are being established and to industrial enterprises, are considered transferred in the interests of their jobs.

Article 25. The provisions of Decree No 367/1980 regarding measures for the rational utilization of personnel in socialist units, does not apply to units reorganized according to the present decree, to the jobs from which personnel will be transferred into the structure of the two industrial centrals, and to jobs in other units to which workers are to be transferred.

Article 26. New production subunits in the Timisoara Mechanical Enterprise belong in the organization levels stipulated in appendix 6 (which is communicated to interested institutions).

Article 27. The State Committee for Planning and the Ministry of Finance will present for approval within 45 days from the date of the present decree, modifications in the economic and financial plan indicators approved by MICH for 1983 and for the 1981-1985 period, by industrial centrals and for the structure and volume of the state budget, according to the provisions of the present decree.

Article 28. The provisions of the present decree also apply to indicators in the work and labor remuneration plan approved by MICH for 1983.

Article 29. Appendix 3 part I of Decree No 267/1981 regarding the organization and operation of MICH, appendixes 1 and 3 of Decree No 139/1974 regarding approval of lists of research and design units organized according to Decree No 297/1973 regarding the establishment of unified structure standards for research and design units, appendixes XI, XII, XIII, XIV, and XVI of Decree No 352/1978 regarding measures to improve the organization of MICH and of production, scientific research, and technical engineering activities in units of the ministry, with subsequent modifications, appendixes 1 and 2 to the Decision of the Council of Ministers No 367/1973 regarding reorganization measures for industrial centrals, units associated with them, and some state enterprises, are modified in accordance with the present decree.

Article 30. Appendixes 1-6 are an integral part of the present decree.

Nicolae Ceausescu
President of Romania
Bucharest, 28 April 1983
No 142

Appendix 1

Units Under the Jurisdiction of CIUMMRT

1. Timisoara Mechanical Enterprise *
2. Satu Mare UNIO Enterprise, with:
 - Carei Plant for Technical Installations and Equipment *
 - Negresti-Oas Plant for Mining and Technical Equipment *
3. Baia Mare Mechanical Enterprise for Mining Machinery and Equipment
4. Lugoj Enterprise for Hoisting and Transportation Equipment
5. Petrosani Enterprise for Mining Equipment
6. Tirgu Jiu Enterprise for Mining Equipment
7. Filipesti de Padure Enterprise for Mining Equipment
8. Timisoara Institute for Scientific Research and Technical Engineering for Mining Equipment, Hoisting Machinery, and In-Plant Transportation, with:
 - Satu Mare Center for Mining Equipment Scientific Research and Technical Engineering *

*) Not a legal entity

Appendix 3

Units Under the Jurisdiction of the Ploiesti Industrial Central for Oil Equipment

1. Ploesti 1 Mai Enterprise *
2. Giurgiu Enterprise for the Construction of Heavy Machinery and Equipment
3. Tirgoviste Enterprise for Oil Equipment
4. Zalau Enterprise for Cast Iron and Steel Industrial Fittings
5. Cimpina Mechanical Enterprise
6. Cimpina Castings Enterprise
7. Cimpina Neptun Enterprise
8. Bacau Metallurgical Enterprise
9. Vaslui Mechanical Enterprise
10. Dr Petru Groza Mechanical Enterprise in the city of Dr Petru Groza
11. Tirgoviste Mechanical Enterprise
12. Ploesti Institute for Scientific Research and Technical Engineering for Oil Equipment and Industrial Fittings

*) Not a legal entity

DECREE ON ESTABLISHMENT OF SULINA SHIPYARD

Bucharest BULETINUL OFICIAL in Romanian Part I No 31, 30 Apr 83 p 4

[Decree of the Council of State No 143]

[Text] Decree of the Council of State regarding the establishment of the Sulina Naval Shipyards

The Council of State of Romania decrees:

Article 1. On 1 May 1983 the Sulina Naval Shipyards is established in the city of Sulina, Tulcea County, under the jurisdiction of the Ministry of Transportation and Telecommunications, Department of Naval Transportation, whose activity objective is to perform repairs and manufacture spare parts for maritime ships up to 15,000 dwt, river boats, technical and service ships, and harbor equipment, as well as to build river boats.

The Sulina Naval Shipyards is formed by detaching the Ship Repair Section from the Galati River Administration for the Lower Danube, under the jurisdiction of the Ministry of Transportation and Telecommunications, Department of Naval Transportation, and includes the investment development of the Sulina Repair Shop.

Article 2. The Sulina Naval Shipyards has the status of enterprise and operates on the basis of worker self-management and economic-financial self-administration, is a legal entity in accordance with legal provisions regarding the organization and management of state socialist units, and is a grade III organization group III branch. The component units of the Sulina Naval Shipyards belong in the grades of organization stipulated in the appendix to the present decree (which is communicated to interested institutions).

For worker remuneration, the Sulina Naval Shipyards will use the machine construction tariff schedule A, with tariff remunerations that are undifferentiated by agreements and management.

The number of administrative personnel will be at most 3.4 percent of the total personnel stipulated for the operation of the unit at full capacity.

Article 3. The assets and liabilities established by the balance sheet of 30 April 1983, together with plan indicators and contracts signed for the Sulina Ship Repair Section, are transferred from the Galati River Administration for the Lower Danube to the Sulina Naval Shipyard.

Workers which are transferred from the Galati River Administration for the Lower Danube to the Sulina Naval Shipyard, are considered transferred in the interests of their jobs.

Article 4. Appendix 2 to the Decision of the Council of Ministers No 367/1973 regarding measures for reorganizing industrial centrals, units attached to them, and some state enterprises, are modified in accordance with the present decree.

Nicolae Ceausescu
President of Romania
Bucharest, 28 April 1983
No 143

21,023
CSO: 2700 227

CROATIAN EXECUTIVE COUNCIL CHAIRMAN DISCUSSES CURRENT QUESTIONS

Zagreb DANAS in Serbo-Croatian 17 May 83 pp 12-14

[Account by Jelena Lovric of press conference by Ante Markovic with foreign newsmen at Plitvice in late April 1983: "Ante Markovic: We Know What Should Be Done"]

[Text] As is usually the case when any high-level leader meets (foreign) newsmen, so also Ante Markovic--when he met face to face with representatives of the world press in late April at Plitvice--answered very wide-ranging questions: from whether there were specific programs for a visit by Pope Wojtyla to Yugoslavia to how Croatia had ensured that inhabitants of other republics would not buy the coffee which it had purchased for tourists. But most of the talk nevertheless was about what has been Ante Markovic's greatest concern as an experienced business executive, which is also probably what most attention and time is now being paid to by the man who holds the leading executive position in the government of SR [Socialist Republic] Croatia. The economy and everything related to it, the foreign debt and shortage of production supplies, the slacking off of production and accelerated piling up of losses--these are the fever points on which our reflections and actions have recently been concentrated, and they were also the topics which received greatest attention in Markovic's introductory statement. In this he mainly turned to what is upcoming, probably assuming that the foreign newsmen are already quite familiar with our situation at present.

We must recover from the present difficulties with the new development program which has already been drafted, which centers on exports, getting out into the world, as much as 50 percent and more of the capacity of certain industries (machinebuilding, electrical products industry, textile industry, leather and footwear industry, wood industry and construction), more rapid development of agriculture, including that segment of agriculture which is mostly oriented toward export, and tourism. "We will endeavor to have the exports of our industry cover its need for imports over the next 3 years, to achieve exports in agriculture greater than \$500 million a year, and in tourism over the next 5 years, thanks to the new programs, to achieve an inflow of at least \$4 billion," Ante Markovic said.

Preparations for the Season

Realization of this ambitious program is commencing under very unfavorable conditions: we are not favored by circumstances in the world. "We still have large obligations abroad, especially in our republic, the package program which will make it easier to pay off our obligations and give an impetus to production is furnishing us important support, but as a practical matter it is not yet operative. Last year Croatia's position was the most difficult in Yugoslavia: our obligations were so large that paying them off jeopardized our entire life. Nevertheless, last year we reduced our total indebtedness by 5460 million (that is effective reduction of the debt). Of course, we paid for this by a drop in production, reduction of goods on the market and a drop in the standard of living. Yet we still did not manage to pay all the obligations, and we have had to carry over a portion to this year.

"Under these very problematical and difficult conditions, when our industry has been left with minimal reserves or even without reserves, in the first quarter of this year from month to month, gradually and little by little, we have been increasing production, so that although it is still 2.5 percent lower than for the same period of last year, in March it still was only 1.7 percent lower than in the same month of last year. With production smaller than last year and with relatively low imports (24 percent smaller than last year) in the first quarter we achieved a 27-percent growth of exports, a 68-percent growth in the convertible area alone. This is the result of our re-orientation toward a bolstering of exports, which even now at the beginning of the year suggests that we will quite certainly fulfill the plan for increasing exports to the convertible area by 20 percent. The beginning promises that this may even be exceeded. In agriculture we have made relatively good preparations: we did the fall planting on schedule, and this year we already have several tens of thousands of hectares of new land under cultivation. The spring planting is going well, so that with a little luck and good weather our harvest will be a good one this year, perhaps even very good. We have been taking pains to obtain certain goods, and now we are better prepared than last year to supply the market with consumer goods, especially goods for the tourist season. We have obtained the basic articles, although we still have some problems with meat and milk, but all the basic things have been settled, even coffee.

"Preparations for the season have taken two directions: we have endeavored to organize the tourist industry as well as possible and to equip it for this year, and we have taken steps to break up certain administrative and bureaucratic views and restrictions in our country which have to do with opening up greater opportunities for the development of tourism. The use of the check is only one of such elements. I hope that we will manage to overcome this conservative attitude toward tourism and make it possible for it to develop more rapidly and in a more up-to-date way. Agency bookings at the beginning of the year are, of course, not justifying our expectations--they are down from last year--but as the tourist season gradually opens up, we are every day noting new records in visits by foreign tourists."

Help From Abroad

On that occasion Ante Markovic did not spoil those optimistic forecasts and radiant positivism with any very detailed disquisition of the problems which "we, of course, have many of." Just to mention some of them: "we have problems with prices and the cost of living, which is rising considerably faster than planned, our rate of inflation in the first 3 months of the year was 32 percent, and we also have problems making up losses from last year, a necessity in the conduct of economic activity that everything which is not viable should be closed down precisely in order to be able to live has not been fully accepted."

Boza Bozic, who works for the SID (West Germany), reminded Ante Markovic of his statement that "the measures we are now taking are only a patching up." What actually should be done? "The economy does not tolerate postponements. When are you at the top going to arrive at agreements a bit more quickly?" Bozic asked. He also recalled the statement by Jure Bilic that the Croatian economy will come to a halt if the community does not help it. "You have large internal potential, the Republic of Croatia has a gold mine, Brioni Islands, whose maintenance is very expensive, but which could bring in large income, including foreign exchange. Putting them to other use would destroy the rumor about their being reserved for only a few privileged comrades," Boza Bozic said.

"Even today I say that many measures we are taking are patching up," Markovic answered. "And things do not allow themselves to be resolved by patching up what already exists. That is precisely why we decided not to patch up what was fundamental; that is why we do not wish to stick with the previous development strategy which was built on the autarkic conception. We have opted for a new conception which essentially emphasizes the need to open up, to move out into the world, to confront all its influences, both positive and negative. Aside from that we are strongly advocating more extensive operation of economic laws. This is having hard going, to be sure, but it is not just a question of sentimentality, but also the situation is such, now that the problem of employment has become so severe, that the full operation of economic laws would necessarily open up a number of social and indeed even political problems. The second objective factor we must take into account is the difference in level of development within Yugoslavia, which necessitates certain corrections in application, I would say, of the pure rules of the game, which in the final analysis do not exist anywhere."

"As far as we are concerned, there are no delays whatsoever in adoption of the package for aid from abroad. We have also adopted a package of our own measures, although we are not satisfied with the pace at which we are reaching agreement. To be sure, I can tell you that this year, perhaps because the situation is more difficult, we have agreed on many things faster than in past years. I am unfortunately an ex officio member of that high command which negotiates agreement on those things which no one else will or can resolve, so I know this well."

"For example, previously the foreign exchange balance had to be adopted as a temporary measure. Now it has been adopted by agreement. The energy balance as well. The realistic rate of exchange of the dinar has been adopted by all and is being implemented, all have agreed to opt for the package of aid from abroad, and all have now agreed on the economic status of the petroleum industry."

About Djurekovic

Globodan Lazarevic, Reuters, Great Britain: "How is it possible that Djurekovic has for years been on personnel lists, but at the same time, as it is now asserted, he was a member of a Ustasha organization? Who is responsible for this, and when will the information be accessible to the public?"

Ante Markovic: "It is not true that Djurekovic was on the personnel lists. He was never on any kind of personnel list. Moreover, Djurekovic was a petty official, the head of a department in INA-Commerce. There are tens of thousands of such people in every country, including our own. Because of certain conversations he broke the laws of this country like any other criminal. He has now declared himself to be a political emigre--which certainly serves his purpose--and he has established ties with an extremist Ustasha organization. In the end everyone can conceal his true feelings. Our public is aware of everything it ought to know about this."

"Mistaken Assessment?"

It is true that last year SR Croatia's situation was such that the aid of others was indispensable to us. And we received it. One of our banks used several hundreds of millions of dollars borrowed from the national bank and from other banks in Yugoslavia. This was not given to us as a gift, it has to be returned, and we will return it, but it was evidence of the willingness of the others to help Croatia. In previous years Croatia generated a surplus in the inflow of foreign exchange which others took advantage of.

As for Brioni, Ante Markovic said, I would say only that a law on the use of Brioni is now being prepared and is under discussion in our government. A portion of Brioni will be turned into a memorial museum in honor of Comrade Tito, and the other part will be put to commercial use. He added that "the costs of Brioni are not so great as you think, since they have their own income from tourism, agriculture and fishing. And I must tell you that Brioni is no longer being used as a privilege. I was there for official talks 2 or 3 days ago and I paid my expenses in the normal way."

Vesa Trevisan, TIMES correspondent (Great Britain), was interested in how large Croatia's debt is and what share it will have of the aid in foreign credit.

"Our republic's total debt is about \$3.2 billion. Including interest we should pay back this year about \$1.35 billion. However, since this aid package also includes reprogramming the principal, this would represent an easing of our burden by about \$450 million. At the same time short-term credits are being rescheduled for 2 years. If this is done, then this would mean yet another additional relief of about \$240 million for us. However, this extension of short-term credits does not help us a great deal at the present time, since last year, it seems, we made a mistake and repaid all \$460 million, which effectively reduced the debt we have on the basis of short-term credits."

Was that repaid because of the insistence not to seek any rescheduling of debts regardless of the cost, and was this a mistaken political assessment? Desa Trevisan went on to ask.

"I personally did not agree with the foreign exchange law in which that kind of policy was inaugurated. But when that law was passed, then we also enforced it rigorously to the end, as I did myself, regardless of the disagreement."

Ian Hrobar of RUDE PRAVO (Czechoslovakia) wanted to know what sort of activity the League of Communists was carrying on in the economic field and how the resolutions of the Fourth Meeting of the ICY Central Committee were being carried out.

"Recently the League of Communists has been more concerned with economic issues than before. Implementation of the resolutions of the Fourth Meeting of the ICY Central Committee is under way, and you know well from the practice of your own party that it is not a simple matter to carry out all resolutions. However, I must say that there is a very marked willingness for maximum commitment to get out of the difficulties on the part of the subjective factor, including that organized factor, which means the League of Communists, the Socialist Alliance, the trade unions, and the youth organization, but also the workers who have to be motivated for success in production. Incidentally, no fundamentally new things should be anticipated; we have arrived at our basic assessments, and it seems to me that we know what should be done. We need to roll up our sleeves and work."

About Coffee

The question of Slobodan Lazarevic of Reuters (Great Britain) as to what foreign tourists will be or will not be able to find in our stores Ante Markovic countered with a question: "What would you tell me after having traveled around a part of Yugoslavia?"

"I would tell you that I have been in a supermarket and that there is no cotton, coffee or detergents (Christina von Kohl interjects: nor yogurt). So that I would tell the foreign tourist to go to Italy. If I could guarantee that all those things would be available, I would recommend that they come here," Lazarevic said.

"We have taken very extensive measures to supply all tourist areas with all basic articles. We have reserved for tourism in the inflow of foreign exchange a sufficient right so that through self-management accords with the large agricultural and other organizations, on a basis of foreign exchange participation, it can obtain everything it needs. Specifically, there is not a single large farm in Yugoslavia, not even in the farming regions of Yugoslavia such as Vojvodina or Macedonia which has not concluded such contracts, which guarantee not only tourist organizations, but also tourist settlements and cities, all the basic farm products. Nevertheless, in talks with opstina presidents we have had to criticize central Dalmatia very seriously, since it has done the least in this regard. Dubrovnik has made all its arrangements. Istria as well. Since this is under our immediate control and influence, we will guarantee this absolutely. Aside from that, we have made provision in our republic to import 13,000 tons of coffee, which is the annual consumption under normal conditions, yet it is now envisaged from May to the end of the year. Aside from our own production, we have provided for imports of 41,000 tons of sugar, 72,000 tons of vegetable oil, and everything else we have. Provision has been made to produce 20 percent more detergent in Yugoslavia than last year. There are some problems with cotton. But provision has been made to import the cotton necessary for normal production of the textile industry, which also covers what might interest you. Funds have been provided to import foreign periodicals. A decision has been made to set aside \$14 million specifically to meet the needs of tourism from this year's inflow of foreign exchange; this would then include periodicals, razor blades, cigarettes, beverages and various other things which we ourselves cannot furnish. Aside from that tourism will be left more foreign exchange at its own disposition. All of this is under way. We can say quite certainly that we guarantee that tourism will be better supplied this year."

"How have you made sure," asked Desa Trevisan, "that other Yugoslavs will not purchase these 13,000 tons of coffee which you say you have obtained?"

"It is not just we alone who have made provision to import coffee; provision has been made for imports for Yugoslavia as a whole, somewhat more in Croatia for itself because of the needs of tourism. We will make provision for the continuity of deliveries, and we hope that they will not sell out to such an extent that there will not be enough for tourism as well."

Refineries and Losses

WETA Krongauz-Stanic at McRae-Hill WORLD NEWS (United States) was interested in why the Executive Council of Croatia had recently requested from the SFER Assistance in connection with petroleum.

"We need for the price of domestic petroleum to be put on a par with the price of imported petroleum, since for several years now domestic petroleum has been cheaper, which was detrimental to development of its exploitation. The most recent discoveries in the Adriatic and in northern Croatia furnish great hopes for increasing production, especially gas, and then of petroleum as well. We estimate that if the organizations of the petroleum industry are

equipped, over the next several years we could increase production from the present 1.1 million tons to over 7 and perhaps even 8 million tons of petroleum. This is a great opportunity for our country's development as well as a great opportunity for Yugoslavia. This, our first request for price parity, was granted. Second, large losses have built up in our refineries. The refineries have been refining imported petroleum, but the sliding scale of the rate of exchange of the dinar has not been settled. Short-term foreign credits were also used to pay for petroleum, but all these costs were passed on to the petroleum industry. Thus a portion of the losses from the last 2 years has accumulated; in large part this was the cause of the petroleum industry's illiquidity and thereby the cause of the illiquidity of the Privredna Banka of Zagreb and indeed of Croatia as a whole. Third: only half of our petroleum refining capacity is in operation. We are negotiating abroad as to how we can best use the capacity of the Rijeka refinery. It was already working for 1944-1947 year, and we are trying for its entire large capacity of about 8 million tons to operate for foreign countries. We have even made an offer for a foreign firm to buy 49 percent of our stock. There also remains in our parks and forests related to petroleum that there be a solution concerning foreign exchange. We requested either that we be allowed to export petroleum, that is, our own products, or that we be furnished compensation for that export."

John Canineo, who works for EXCELSIOR and CHILE-AMERICA (Mexico), was interested in manifestations of livelier activity on the part of the Catholic Church and its activity in the political field.

"It is not an ambition, nor is it the first time in history that the Church has attempted to play a role in politics," Markovic said. "Nowhere in the world will we find that, nor does it, and that is also the situation in Croatia. There are some people, not only in the Catholic Church, but in other churches as well, who have ambitions to meddle in politics. But that has not prevailed. The relations we now have between the Catholic Church and the state are in principle better than they were before; I would say that these relations are more tolerant."

John Canineo said he had seen. The foreign newspaper were interested in whether there would come to Yugoslavia. "This has been mentioned as a possibility, but so far there have been no very specific negotiations in that direction," John Canineo answered.

Views of the Border

John Canineo said, "What will Serbia look like during the coming season, and what are you doing so that tourists do not wait for 5 or 6 hours like last year? Will customs regulations or practice be changed?"

John Canineo said he had heard that there is as little waiting as possible. He said that the procedure in the Border will be shortened, but very much improved. He said that the customs regulations still have to be revised, and

we are working on that right now. There are two or three possibilities, I do not know which we will opt for. What you have mentioned is also possible: changing both regulations and practice, and there are also certain other possibilities as well."

Nuclear Power Plants

Joachim-Peter Bartsch, NACHRICHTEN FÜR AUSSENHANDEL, West Germany: "Is it true that by the year 2000 Yugoslavia is supposed to build seven nuclear power plants?"

Ante Marković: "Construction of five nuclear power plants has been programmed to the end of the century, at least two of which would be in Croatia. Croatia and Slovenia participated in building the first nuclear power plant. Not only Slovenia and Croatia, but also one more republic will participate in the second, which will be built near Zagreb. The third nuclear power plant would be built on the border of the two republics, and once again Croatia would take part in its construction. Probably there will always be more than one republic involved in building the other nuclear power plants. The decision on selection of technology is a very major and serious one for us: I hope that only one technology will be chosen for all the nuclear power plants in Yugoslavia."

July
COT: 2400/311

BUS WORKERS STRIKE SHOWS TRANSPORT PROBLEMS

AI270906 Belgrade BORBA in Serbo-Croatian 20 Jun 83 p 6

[Stjepan Rajkovic report]

[Summary] "A work stoppage, or better yet, a forced meeting of the workers in Ljubljana Turbus, of the Integral Work Organization held at the beginning of June disturbed many spirits, but it also encouraged a large-scale action and greater involvement of the Slovene and Yugoslav trade unions in the sphere of transportation."

On that occasion, some 200 drivers and conductors failed to take out 30 buses and over 1,000 Ljubljana people were late for work. "The reasons were personal incomes, poor working conditions, as well as poor human relations, neglected self-management, and lack of heed to the workers' voice, the strong power exercised by the technocracy. The result: the director and the commercial manager have been replaced, problems are being solved more rapidly according to the list of priorities as set in talks with strikers' representatives."

Leopold Perc, president of the Transport Workers Union of Slovenia, has told us that the problems in Turbus have almost been resolved, but the difficulties apply to the transportation industry in general, especially road transportation. The fares are kept down, but the costs, especially of diesel fuel, are rising. Personal incomes have increased little in money terms, but decreased in real terms more than expected.

Pavao Potocnjak, president of the federal committee of the Transport Workers Union, has said that this has been the only work stoppage in transportation so far, and it indicates that problems must be tackled.

Gross revenue and income in transportation have increased less than the economy as a whole. The Yugoslav public road transportation network has 12,162 buses and 28,911 trucks, but this is only 17 percent of the transportation means in the social sector, the rest belonging to vehicles run by enterprises in other industrial branches. Because of the shortage of tires, spare parts and even fuel, some 30 to 40 percent of vehicles are out of use. The number of road transportation organizations registering losses is increasing. Personal incomes of workers increased 23 percent last year, but real personal incomes decreased.

A 35-percent increase in fares has been requested. According to one proposal, the federation should approve a 12-percent increase and the republics the rest. "The trade union is, in principle, against a fare increase, but it is in favor of corrections in the most urgent cases." Svetozar Gavrilovic, secretary of the Yugoslav Road Transportation Association, says that the problem of relative fares is caused by the republics, provinces and communes, and "strong individuals." Bus fares are higher than rail fares only in Slovenia and Croatia. In Macedonia, bus fares for similar distances are 50 to 75 percent lower than in Slovenia.

When communal assemblies all over the country increased city bus fares by 25 to 50 percent recently, transportation enterprises which also run some city lines but whose fares have not been increased were put at a disadvantage. They want the problem of fares solved by an accord valid for all of Yugoslavia.

The Transport Workers Union is preparing a Yugoslav conference on transportation problems to be held in Arandjelovac on 28 and 29 June.

CSO: 2800/230

YUGOSLAVIA

BRIEFS

GACKO BEGINS FULL PRODUCTION--With a festive meeting of the council of the work organization of the "Gacko" mine and thermoelectric plant and a large public assembly at which Savo Cedur, a member of the Presidency of the Socialist Republic of Bosnia-Herzegovina, spoke, the entry into regular production of the "Gacko" mine and thermoelectric plant was celebrated on Saturday [11 June 1983]. The electrical system of Bosnia-Herzegovina and the entire system of Yugoslavia have been enriched by the exceptionally important production complex. The "Gacko" thermoelectric plant's installed power of 300 megawatts will permit the production of 1.6-billion kilowatt-hours of electricity annually. To achieve this production the mine will deliver 1.8-million tons of coal per year. The mine and thermoelectric plant were built with the joint funds of the electrical industries of Bosnia-Herzegovina and Croatia in a 2:1 ratio; the electricity produced will be divided the same way. [Excerpt] [Zagreb VJESNIK in Servo-Croatian 12 Jun 83 p 1]

CSO: 2800/332

END

END OF

FICHE

DATE FILMED

July 11, 1983

